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CALIFORNIA MUNICIPAL FINANCE AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

____________________________________

TRUST INDENTURE

____________________________________

Dated as of October 1, 2014

Relating to

$17,511,200
California Municipal Finance Authority
Multifamily Housing Revenue Bonds
(Pacific Pointe at the Shipyard Apartments Project), Series 2014A-1

$2,963,800
California Municipal Finance Authority
Multifamily Housing Revenue Bonds
(Pacific Pointe at the Shipyard Apartments Project), Series 2014A-2
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TRUST INDENTURE

This TRUST INDENTURE dated as of October 1, 2014 (this “Indenture”), by and between the CALIFORNIA MUNICIPAL FINANCE AUTHORITY, a joint exercise of powers agency organized under the laws of the State of California (the “Issuer”), and U.S. Bank National Association, a national banking association organized and existing under and by virtue of the laws of the United States of America and being duly qualified to accept and administer the trusts created hereby, as trustee (the “Trustee”),

W I T N E S S E T H:

WHEREAS, the Issuer is authorized under 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 (the “Act”), to finance multifamily rental housing by issuing its revenue bonds to provide funds for the cost of the permanent financing thereof; and

WHEREAS, AMCAL Pacific Pointe Fund, L.P., a California limited partnership (the “Borrower”), has applied to the Issuer for financial assistance for the purpose of providing all or part of the funds with which to pay the cost of the acquisition, construction and development of a 60-unit multifamily rental housing project in the City and County of San Francisco, California known as Pacific Pointe at the Shipyard Apartments (the “Project”); and

WHEREAS, the provision of the Loan (as hereinafter defined), is authorized by the Act and will accomplish a valid public purpose of the Issuer, and the Issuer has determined that it is in the public interest to issue its Multifamily Housing Revenue Bonds (Pacific Pointe at the Shipyard Apartments Project), Series 2014A-1 in the aggregate principal amount of $17,511,200 (the “Series A-1 Bonds”) and its Multifamily Housing Revenue Bonds (Pacific Pointe at the Shipyard Apartments Project), Series 2014A-2 in the aggregate principal amount of $2,963,800 (the “Series A-2 Bonds” and, together with the Series A-1 Bonds, the “Bonds”) for the purpose of providing funding necessary for the construction and development of the Project; and

WHEREAS, the Issuer has duly entered into a loan agreement dated as of even date herewith (the “Loan Agreement”), with the Borrower and the Trustee specifying the terms and conditions of a loan by the Issuer to the Borrower of the proceeds of the Bonds to provide for financing of the Project (the “Loan”) and the Borrower has agreed to (i) apply the proceeds of the Loan to pay a portion of the costs of constructing and equipping the Project, (ii) make payments sufficient to pay the principal of and interest on the Bonds when due (whether at maturity, by redemption, acceleration or otherwise), and (iii) observe the other covenants and agreements and make the other payments set forth therein; and

WHEREAS, the Borrower has delivered to the Trustee, on behalf of the Issuer, the Construction Note in the aggregate principal amount of $17,511,200 (the “Series A-1 Note”) and the Permanent Note in the aggregate principal amount of $2,963,800 (the “Series A-2 Note” and, together with the Series A-1 Note, as amended, modified or supplemented from time to time, the “Notes”), each dated as of October 1, 2014, evidencing the Borrower’s obligation to repay the
Loan, and the Issuer has made the Loan to the Borrower, subject to the terms and conditions of the Loan Agreement and this Indenture; and

**WHEREAS**, to secure its obligations under the Loan Agreement and the Notes, the Borrower has executed (i) a Leasehold Construction Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (as amended, modified or supplemented from time to time, the “Mortgage”), (ii) an Assignment of Deed of Trust and Related Documents (as amended, modified or supplemented from time to time, the “Assignment of Mortgage”), (iii) an Assignment of Contracts, Plans and Specifications (as amended, modified or supplemented from time to time, the “Assignment of Project Documents”) and (iv) an Security Agreement (Assignment of Partnership Interest and Capital Obligations) (as amended, modified or supplemented from time to time, the “Security Agreement”), each dated as of even date with this Indenture, for the benefit of the Issuer, as secured party;

**WHEREAS**, concurrently with the issuance of the Bonds, Bank of America, N.A., as lender (the “Bank”), has agreed to loan the Borrower $2,500,000 to finance certain costs related to the construction and development of improvements of the Project pursuant to a construction loan agreement and promissory note, secured by a leasehold construction deed of trust with assignment of rents, security agreement and fixture filing and certain other documents, which shall share a first lien pari-passu with the Loan.

**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 or redemption price thereof and interest thereon, the Issuer has authorized the execution and delivery of this Indenture; and

**WHEREAS**, all acts and proceedings required by law necessary to make the Bonds, when executed by the Issuer, authenticated and delivered by the Trustee 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 the Indenture have been in all respects duly authorized;

**NOW, THEREFORE**, in consideration of the premises and the mutual promises, representations and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

**GRANTING CLAUSES**

The Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect, and to secure the performance and observance by the Issuer of all the covenants, agreements and conditions herein and in the Bonds contained, does hereby transfer, pledge and assign, without recourse, to the Trustee and its successors and assigns in trust forever, and does
hereby grant a security interest unto the Trustee and its successors in trust and its assigns, in and to all and singular the property described in paragraphs (a), (b) and (c) below (said property being herein referred to as the “Trust Estate”), to wit:

(a) All right, title and interest of the Issuer in and to the Notes, the Mortgage, the Assignment of Mortgage, the Assignment of Project Documents, the Security Agreement and the other Loan Documents (as that term is defined below), and all moneys from time to time paid by the Borrower pursuant to the terms of the Loan Documents and all right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) under and pursuant to and subject to the provisions of the Loan Agreement (but excluding the Reserved Rights as defined in the Loan Agreement); and

(b) All other moneys and securities from time to time held by the Trustee under the terms of this Indenture, excluding amounts required to be rebated to the United States Treasury under Section 148(f) of the Code, whether or not held in the Rebate Fund; and

(c) Any and all property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder to the Trustee, which the Trustee is hereby authorized to receive at any and all times and to hold and apply the same subject to the terms of this Indenture.

TO HAVE AND TO HOLD, all and singular, the Trust Estate with all rights and privileges hereby transferred, pledged, assigned and/or granted or agreed or intended so to be, to the Trustee and its successors and assigns in trust forever;

IN TRUST NEVERTHELESS, upon the terms and conditions herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Bonds Outstanding, without preference, priority or distinction as to participation in the lien, benefit and protection of this Indenture of one Bond over or from the others, except as herein otherwise expressly provided;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal of such Bonds with interest, according to the provisions set forth in the Bonds, or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions of Article IX (it being understood that any payment with respect to the principal of or interest on Bonds made by the Borrower shall not be deemed payment or provision for the payment of the principal of or interest on Bonds, except Bonds purchased and canceled by the Trustee, all such uncanceled Bonds to remain Outstanding and the principal of and interest thereon payable to the Owners thereof), and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby granted shall cease, terminate and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon
the payment by the Issuer of the cost and expenses thereof, shall duly execute, acknowledge and
deliver to the Issuer such instruments of satisfaction or release as may be necessary or proper to
discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Issuer
all and singular the property, rights, privileges and interests by it hereby granted, conveyed and
assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released
as herein provided; otherwise this Indenture shall be and remain in full force;

THIS INDENTURE FURTHER WITNESSETH, and it is hereby expressly declared,
covenanted and agreed by and between the parties hereto, that all Bonds issued and secured
hereunder are to be issued, authenticated and delivered and that all the Trust Estate is to be held
and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements,
trusts, uses and purposes as hereinafter expressed, and the Issuer does hereby agree and covenant
with the Trustee, for the benefit of the respective Owners from time to time of the Bonds as
follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.01 Definitions. The following capitalized terms, as used in this Indenture,
shall have the meanings specified below unless the context otherwise shall require. All other
capitalized terms which are defined in the Loan Agreement and not defined herein shall have the
respective meanings ascribed to them in the Loan Agreement.

“Accounts” means the accounts established pursuant to Section 5.01 hereof.

“Act” has the meaning set forth for that term in the Recitals above.

“Additional Interest” means an amount equal to the excess of (i) the amount of interest
an Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to
a “substantial user,” as defined in Section 147(a) of the Code) would have received during the
period of time commencing on the date that the interest on the Bonds, becomes subject to federal
income taxation to the earlier of the date of the payment of the Bonds or the date of a
Determination of Taxability (excluding from such period any time in which the tax on such
interest is uncollectible) at a per annum rate equal to the Taxable Rate, over (ii) the aggregate
amount of interest received by an Owner for said period.

“Additional Payments” has the meaning set forth in Section 3.2(g) of the Loan
Agreement.

“Affiliates” or “Affiliate” means, if with respect to an entity, (i) any manager, member,
officer or director thereof and any Person who or which is, directly or indirectly, the beneficial
owner of more than 10% of any class of shares or other equity security, or (ii) any Person which,
directly or indirectly, controls or is controlled by or is under common control with such entity.
Control (including the correlative meanings of “controlled by” and “under common control
with”) means effective power, directly or indirectly, to direct or cause the direction of the
management and policies of such Person. With respect to a partnership or venture, “Affiliate”
shall include, without limitation, any (i) general partner, (ii) general partner of a general partner,
or (iii) partnership with a common general partner, and if any general partner is a corporation, any Person which is an “Affiliate” (as defined above) of such corporation. With respect to a limited liability company, “Affiliate” shall include, without limitation, any member.

“Alternative Rate” means the lower of (i) 4% in excess of the rate of interest payable on the Bonds or (ii) 12% per annum; provided that such rate shall in no event exceed the maximum rate allowed by law.

“Approved Institutional Buyer” means (1) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the “Securities Act”); (2) an “accredited investor” as defined in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities Act; (3) an entity that is directly or indirectly wholly owned or controlled by the purchaser/bondholder representative (being a financial institution described in (1) above; (4) an entity all of the investors in which are described in (1), (2) or (3) above; or (5) a custodian or trustee for a party described in (1), (2) or (3) above.

“Assignment of Mortgage” has the meaning set forth for that term in the Recitals above

“Assignment of Project Documents” has the meaning set forth for that term in the Recitals above.

“Authorized Denomination” means $250,000 or any multiple of $5,000 in excess of $250,000 or the outstanding principal amount of the Bonds, if less, but not in excess of the aggregate principal amount of Bonds then Outstanding.

“Authorized Representative” means, (i) with respect to the Issuer, any member of the Board of Directors of the Issuer (the “Board”), the Executive Director of the Issuer, or any other person designated as an Issuer Representative by a certificate signed by a member of the Board and filed with the Trustee; (ii) with respect to the Borrower, any person or persons designated to act on behalf of the Borrower by a certificate filed with the Issuer, the Trustee and the Servicer containing the specimen signatures of such person or persons and signed by an authorized representative of the Borrower and (iii) with respect to the Servicer, any person or persons designated to act on behalf of the Servicer by a certificate filed with the Borrower, the Issuer and the Trustee, containing the specimen signatures of such person or persons and signed on behalf of the Servicer by its President, Vice President or Secretary. Each such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties and exercise all powers of an Authorized Representative.


“Bond” or “Bonds” has the meaning set forth for that term in the Recitals above.

“Bond Counsel” means Orrick, Herrington & Sutcliffe, or any other attorney or firm of attorneys of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of tax-exempt obligations and who is acceptable to the Issuer and the Servicer.
“Bond Payment Date” means each date on which principal or redemption price or interest shall be payable on any of the Bonds according to their respective terms.

“Borrower” has the meaning set forth for that term in the Recitals above.

“Business Day” means a day of the year which is not a Saturday or Sunday or any other day on which banks located in the city of New York, New York and banks located in the city in which the Principal Office of the Trustee is located are required or authorized by law to remain closed and on which The New York Stock Exchange is not closed.

“Calculation Period” means the period commencing upon the first day of each month and ending on (and including) the last day of such month.

“Capitalized Interest Account” means the account of that name established in the Project Fund pursuant to Section 5.01 of this Indenture.

“Closing Date” means the date of issuance of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, together with all corresponding and applicable final or temporary regulations and revenue rulings issued or promulgated thereunder.

“Completion” has the meaning set forth for that term in the Construction Disbursement Agreement.

“Completion Agreement” means that certain Completion Agreement executed by Guarantor and dated as of even date with this Indenture.

“Completion Deadline” has the meaning set forth for that term in the Construction Disbursement Agreement, as it may be amended from time to time.

“Condemnation Award” means the total condemnation proceeds actually paid by the condemnor as a result of the condemnation of all or any part of the property subject to the Mortgage less the actual costs incurred, including attorneys’ fees, in obtaining such award.

“Construction Disbursement Agreement” means the Construction Disbursement Agreement dated as of even date with this Indenture, between the Borrower and Bank, as the same may be supplemented, amended or modified.

“Control,” “Controlled” and “Controlling” means, with respect to any Person, either (i) ownership directly or indirectly 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.

“Conversion Date” means the earlier of (a) the Interest Payment Date immediately following the Stabilization Date, or (b) November 1, 2016.
“Costs of Issuance” means “issuance costs” with respect to the Bonds within the meaning of Section 147(g) of the Code.

“Costs of Issuance Account” means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

“Counsel” means an attorney or firm of attorneys acceptable to the Trustee and the Servicer, and may, but need not, be Bond Counsel, counsel to the Issuer, the Servicer or the Borrower.

“Determination of Taxability” means (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service, (iii) a determination by any court of competent jurisdiction, or (iv) receipt by the Trustee, at the request of the Servicer, of an opinion of Bond Counsel to the effect that the interest on the Bonds is includable in gross income for federal income tax purposes of the Owners thereof or any former Owner thereof, other than an Owner who is a “substantial user” (within the meaning of Section 147(a) of the Code) of the Project or a “related person” (as defined in Section 147(a) of the Code); provided that no such Determination of Taxability under clause (i), (ii) or (iii) shall be deemed to have occurred if (a) the Borrower and the Servicer have been afforded the opportunity to contest such determination, and (b) if the Borrower or the Servicer has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (A) a final determination from which no appeal may be taken with respect to such determination, or (B) abandonment of such appeal by the Borrower or the Servicer.

“Environmental Indemnity” means collectively, (i) the Indemnity Agreement (Borrower) dated as of even date herewith, from the Borrower for the benefit of the Trustee, as the same may be modified, supplemented or amended from time to time, and (ii) the Indemnity Agreement (Third Party) dated as of even date herewith from AMCAL Enterprises, Inc. for the benefit of Trustee, as the same may be modified, supplemented or amended from time to time.

“Equity Account” means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

“Event of Default” means any of those events defined as Events of Default by Section 6.01 of this Indenture.

“Fixed Rate” means 4.63% per annum.

“Fixed Rate Period” means, for the Series A-2 Bonds, the period commencing on the Conversion Date and ending on (and including) the day before the Reset Date. The Series A-1 Bonds will never bear interest at the Fixed Rate (and there is no Fixed Rate Period for the Series A-1 Bonds).

“Funds” means the funds established pursuant to Section 5.01 hereof.
“Government Obligations” means direct obligations of, or obligations guaranteed by, the United States of America.

“Guarantor” means AMCAL Enterprises, Inc., a California corporation.

“Guaranty” means that certain Payment Guaranty executed by Guarantor and dated as of even date with this Indenture, collectively, the Completion Agreement and the Payment Guaranty.

“Indenture” has the meaning set forth for that term in the Recitals above.

“Initial Notification of Taxability” means the receipt by Trustee or any Owner of a communication from the Internal Revenue Service or any court of competent jurisdiction to the effect that the exclusion of interest on the Bonds from the gross income of the Owners, for federal income tax purposes, will not continue in effect.

“Insurance and Condemnation Proceeds Account” means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

“Insurance Proceeds” means the total proceeds of insurance actually paid or payable by an insurance company in respect of the required insurance on the Project, less the actual costs incurred, including attorneys’ fees, in the collection of such proceeds.

“Interest Payment Date” means the first day of each month commencing with the month following the month in which the Closing Date occurs.

“Investment Securities” means any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for moneys proposed to be invested therein:

(a) Bonds or other obligations of the State or bonds or other obligations, the principal of and interest on which are guaranteed by the full faith and credit of the State;

(b) Bonds or other obligations of the United States or of subsidiary corporations of the United States Government which are fully guaranteed by such government;

(c) Obligations of agencies of the United States Government issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, and the Central Bank for Cooperatives;

(d) Bonds or other obligations issued by any public housing agency or municipality in the United States, which bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipality in the United States and fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;
(e) Certificates of deposit of national or state banks which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan associations which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depositary, custodian, or trustee for any such bond proceeds. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of San Francisco, California, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association, of one or more the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State or of any county or municipal corporation in the State, obligations of the United States or subsidiary corporations included in paragraph (ii) hereof, obligations of the agencies of the United States Government included in paragraph (iii) hereof, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in paragraph (iv) hereof;

(f) Interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least $50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least $50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956 and whose unsecured or uncollateralized long-term debt obligations of which are rated in the two highest letter rating categories of S&P or Moody’s or whose unsecured and uncollateralized short-term debt obligations are rated in the two highest letter rating categories of S&P or Moody’s at the time of purchase, provided that each such interest-bearing deposit, repurchase agreement, reverse repurchase agreement, guarantee agreement, or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys;

(g) Any and all other obligations of investment grade and having a nationally recognized market, including, but not limited to, rate guarantee agreements, guaranteed investment contracts, or other similar arrangements offered by any firm, agency, business, governmental unit, bank, insurance company or other entity; provided, that each such obligation shall permit moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys;

(h) Shares of a money market mutual fund or other collective investment fund registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, having assets of at least $100,000,000 and rated in the one of the two highest letter rating categories of S&P or Moody’s; and
(i) Any other investment approved in writing by the Servicer.

“Investor Limited Partner” means, collectively, Bank of America, N.A., a national banking association and Bane of America CDC Special Holding Company, a North Carolina corporation.

“Issuer” means the California Municipal Finance Authority, or its successors and assigns, a joint exercise of powers authority formed by a Joint Exercise of Powers Agreement, dated as of January 1, 2004 by and among certain California cities, counties and special districts, as may be amended from time to time (the “Joint Powers Agreement”) pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California.

“Issuer Annual Fee” has the meaning set forth in the Regulatory Agreement.

“Issuer Documents” means, collectively, this Indenture, the Loan Agreement, the Regulatory Agreement and the Tax Certificate.

“Legal Requirements” means any legal requirements, including any local, state or federal statute, law, ordinance, code, rule or regulation, now or hereinafter in effect (including environmental laws) or order, judgment, decree, injunction, permit, license, authorization, certificate, franchise, approval, notice, demand, direction or determination, of any Governmental Authority and all legal requirements imposed upon the Land, or upon the owner(s) of the Land from time to time, pursuant to any applicable covenants, conditions, easements, servitudes and restrictions and any applicable ground lease.

“LIBOR Daily Floating Rate” means a variable rate of interest per annum equal to the London Interbank Offered Rate (“LIBOR”), as published by Bloomberg (or other commercially available source providing quotations of LIBOR as selected by the Servicer from time to time) as determined for each Business Day at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a one month term, as adjusted from time to time in the Servicer's sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available in such time for any reason, then the rate will be determined by such alternate method as reasonably selected by the Servicer. A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars. Interest shall be computed for the actual number of days which have elapsed, on the basis of a 360-day year.

“Loan” has the meaning set forth for that term in the Recitals above.

“Loan Account” means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

“Loan Agreement” means the Loan Agreement dated as of even date herewith, among the Issuer, the Trustee and the Borrower, as the same may be supplemented, amended or modified.
“Loan Documents” means, collectively, the Loan Agreement, the Notes, the Regulatory Agreement, the Construction Disbursement Agreement, the Mortgage, the Assignment of Mortgage, the Assignment of Project Documents, the Security Agreement, the Borrower Environmental Indemnity, the Third Party Environmental Indemnity, the Guaranty, the Tax Certificate and, upon delivery thereof, the Servicing Agreement, together with all other documents or instruments executed by the Borrower which evidence or secure the Borrower's indebtedness under such documents and all other documents and instruments delivered simultaneously herewith or required under the Loan Documents to be delivered during the term of the Loan.

“Majority Owner” means the Person who owns at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds, or, if no single person owns at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds, the person who is designated in writing to exercise the powers of “Servicer” and “Majority Owner” hereunder by persons who collectively own at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds.

“Maturity Date” means, (a) with respect to the Series A-1 Bonds, May 1, 2017, and (b) with respect to the Series A-2 Bonds, November 1, 2033.

“Maximum Rate” means twelve percent (12%) per annum.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, with the consent of the Borrower and the Servicer.

“Mortgage” has the meaning set forth for that term in the Recitals above.

“Notes” has the meaning set forth for that term in the Recitals above.

“Notice Address” means, with respect to the Issuer, c/o Sierra Management Group, Financial Advisor, 2111 Palomar Airport Road, Suite 320, Carlsbad, CA 92011, Attention: John P. Stoecker, with a copy to Jones Hall, A Professional Law Corporation, 650 California Street, 18th Floor, San Francisco, CA 94108, Attention: Ron Lee; with respect to the Borrower, AMCAL Pacific Pointe Fund, L.P., c/o AMCAL Multi-Housing Inc., 30141 Agoura Road, Suite 100, Agoura Hills, CA 91301, with a copy to Bocarsly Emden Cowan Esmail & Arndt LLP, 633 West Fifth Street, 64th Floor, Los Angeles, CA 90071, Attention: Kyle Arndt; with respect to the Trustee, One California Street, Suite 1000, San Francisco, CA 94111, Attention: Global Corporate Trust Services; with respect to the Investor Limited Partner, Bank of America, N.A., Banc of America CDC Special Holding Company, Inc., c/o Bank of America, N.A., Community Development Banking, 225 Franklin Street, Boston, MA 02110, Attention: Mark Nightingale, Email: mark.nightingale@baml.com, Phone: (617) 341-3868; with respect to the initial Servicer and Majority Owner: Bank of America, N.A., 2001 Clayton Road, 2nd Floor, Concord, CA 94520-2405, Attention: Marisela Cassetta, Email: marisela.cassetta@baml.com, Phone: (925)
“Operating Reserve Fund” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“Outstanding” means, when used with respect to Bonds, as of any date, all Bonds theretofore authenticated and delivered under this Indenture except:

(a) any Bond canceled or delivered to the registrar for cancellation on or before such date;

(b) specified as not Outstanding in paragraph (c) of Section 4.05 hereof;

(c) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Article II of this Indenture;

(d) any Bond deemed to have been paid as provided in Article IX of this Indenture;

(e) any Bond owned or held by or for the account of the Issuer or the Borrower, as provided in Section 10.11 of this Indenture, for the purpose of consent or other action or any calculation of outstanding Bonds provided for in this Indenture, and

(g) any undelivered Bond (except for purposes of receiving the purchase price thereof upon surrender in accordance with this Indenture).

“Owner” or “Owners” means the registered owner, or owners, of the Bonds.

“Security Agreement” has the meaning set forth for that term in the Recitals above.

“Payment Guaranty” means that certain Payment Guaranty executed by Guarantor and dated as of even date with this Indenture.

“Person” means any natural individual, corporation, partnership, trust, unincorporated association, business or other legal entity, and any government or governmental agency or political subdivision thereof.

“Prepayment Equalization Payment” means the greater of (i) 1% of the outstanding principal balance of the Bonds; or (ii) the product obtained by multiplying (A) the amount of principal of the Bonds being redeemed or purchased by (B) the difference between (1) the Fixed Rate and (2) the yield rate (the “Yield Rate”) on the U.S. Treasury Security due nearest to, but not later than, the Reset Date (the “Specified U.S. Treasury Security”) (or the average yield rate for all U.S. Treasury Securities due nearest to, but not later than the expiration of the Reset Date if more than one U.S. Treasury Security qualifies as the Specified U.S. Treasury Security), as such yield rate is reported in The Wall Street Journal (or, if the publication of such yield rate is not available in The Wall Street Journal, as such yield rate is reported in The Financial Times, or, if the publication of such yield rate is not available in The Wall Street Journal or the
Financial Times, as such yield rate is reported in the New York Times) on the twenty-fifth (25th) Business Day preceding (x) the date of the prepayment of such Bonds or (y) the date the Trustee accelerates such Bonds, by (C) the Present Value Factor (as defined below). For purposes of the preceding sentence, the “Present Value Factor” is equal to:

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1 - \frac{(1 + r)^{-n}}{r}
\]

where “r” is equal to the Yield Rate and “n” is equal to the number of 365-day years (or 366-day years, if applicable), and any fraction thereof, remaining between the date of redemption and the Reset Date. In the event that the Yield Rate is not available in The Wall Street Journal, the Financial Times or the New York Times, the Trustee may retain a certified public accountant or other valuation expert to provide the Yield Rate and pay for such valuation from the Trust Estate as Trustee Expenses. The Trustee may conclusively rely on such valuation without liability provided that the Trustee used reasonable care in the selection of such valuation expert.

“Prime Rate” means, on any day, the rate of interest per annum then most recently established by Bank of America, N.A. as its “prime rate.” Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by Bank of America, N.A. to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that Bank of America, N.A. may make various business or other loans at rates of interest having no relationship to such rate. Each time the Prime Rate changes, the per annum rate of interest on the Bonds shall change immediately and contemporaneously with such change in the Prime Rate. If Bank of America, N.A. ceases to exist or to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

“Principal Office” means, with respect to any party, the office designated as such in, or as designated by the respective party in writing pursuant to, this Indenture.

“Project” has the meaning set forth for that term in the Recitals above.

“Project Fund” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“Property” has the meaning ascribed to such term in the Mortgage.

“Qualified Costs of the Project” means “Good Costs” as defined in the Tax Certificate.

“Rebate Analyst” means any Person, chosen by the Borrower and at the expense of the Borrower, qualified and experienced in the calculation of rebate payments under Section 148 of the Code and compliance with the arbitrage rebate regulations promulgated under the Code, which is engaged for the purpose of determining the amount of required deposits to the Rebate Fund, if any, pursuant to the Tax Certificate.
“Rebate Fund” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“Record Date” means, with respect to each Bond Payment Date, the close of business on the day preceding such Bond Payment Date, whether or not such day is a Business Day.

“Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants dated as of October 1, 2014, by and among the Issuer and the Borrower, as the same may be amended, modified or supplemented from time to time.

“Replacement Reserve Fund” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“Required Equity Funds” means the amounts required to be deposited in the Equity Account of the Project Fund pursuant to Section 1.2 of the Construction Disbursement Agreement and Section 5.9 of the Loan Agreement.

“Requisition” means a requisition in the form of Exhibit D attached hereto, together with all invoices, bills of sale, schedules and other submissions required for the making of an advance from the Loan Account, or the Equity Account of the Project Fund.

“Reset Date” means the seventeenth (17th) anniversary of the Conversion Date.

“Reset Period” means the period commencing on the Reset Date and ending on (and including) the Maturity Date.

“Reset Rate” means the greater of (a) the Fixed Rate, or (b) the LIBOR Daily Floating Rate, plus one and eight tenths percent (1.80%).

“Resolution” means the resolution of the Issuer adopted on August 29, 2014, authorizing, among other things, the execution and delivery by the Issuer of the Issuer Documents and the Bonds and the performance of its obligations thereunder.

“Revenue Fund” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“S&P” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, with the consent of the Borrower and the Servicer.

“Security Agreement” has the meaning set forth for that term in the Recitals above.

“Series” means, as applicable, any series of the Bonds.

“Series A-1 Bonds” has the meaning set forth for that term in the Recitals above.
“Series A-2 Bonds” has the meaning set forth for that term in the Recitals above.

“Series A-1 Note” has the meaning set forth for that term in the Recitals above.

“Series A-2 Note” has the meaning set forth for that term in the Recitals above.

“Servicer” means the servicer of the Loan appointed pursuant to Section 7.11 hereof. Prior to the Conversion Date and during any other times as no servicer has been appointed pursuant to Section 7.11 hereof, all references herein and in the Loan Documents to the Servicer shall be deemed to refer to the Majority Owner.

“Servicing Agreement” means any servicing agreement entered into among the Majority Owner, the Trustee and the Servicer, as the same may be amended, modified or supplemented from time to time.

“Stabilization” has the meaning set forth for that term in the Construction Disbursement Agreement, as it may be amended from time to time.

“Stabilization Date” means the date specified by the Servicer, in a notice to the Trustee and the Borrower, as the date upon which Stabilization occurred.

“Stabilization Deadline” has the meaning set forth for that term in the Construction Disbursement Agreement, as it may be amended from time to time.

“State” means the State of California.

“Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the Issuer and the Trustee in accordance with Article VIII hereof, amending, modifying or supplementing this Indenture.

“Tax and Insurance Fund” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“Tax Certificate” shall mean the Tax Certificate and Agreement, dated the Closing Date, executed and delivered by the Issuer and the Borrower, as the same may be supplemented, amended or modified.

“Taxable Rate” means a rate of interest equal to the lesser of twelve percent (12.0%) per annum or a rate per annum that is two percent (2%) in excess of the Prime Rate, with changes in the Taxable Rate effective concurrently with each announced change in the Prime Rate.

“Trust Estate” means the trust estate pledged by the Issuer and described in the Granting Clauses of this Indenture.

“Trustee” has the meaning set forth for that term in the Recitals above, and includes any successor trustee appointed pursuant to Section 7.08.

“Trustee Fee” means $1,500 per annum, payable in advance on each November 1st.
“Trustee Expenses” means the fees and expenses of the Trustee set forth in Section 7.04 of this Indenture.

“Variable Rate” means a variable rate per annum equal to the sum of (a) LIBOR Daily Floating Rate, plus (b) 1.80%.

“Variable Rate Period” means (a) with respect to the Series A-2 Bonds, the period commencing on the Closing Date and ending on (and including) the day before the Conversion Date, and (b) with respect to the Series A-1 Bonds, the period commencing on the Closing Date and ending on (and including) the date the Series A-1 Bonds are fully repaid.

Section 1.02 Construction. In this Indenture, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Indenture.

(b) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms refer to this Indenture, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of adoption of this Indenture.

(c) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) Words importing the redemption of a Bond or the calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond.

(e) References in this Indenture to particular sections of the Code, the Act or any other legislation shall be deemed to refer also to any successor sections thereto or other redesignation for codification purposes.

(f) The terms “receipt”, “received”, “recovery”, “recovered” and any similar terms, when used in this Indenture with respect to moneys or payments due the Issuer, shall be deemed to refer to the passage of physical possession and control of such moneys and payments to the Issuer, the Owners of the Bonds or the Trustee on its behalf.

ARTICLE II

REPRESENTATIONS AND COVENANTS OF THE ISSUER

Section 2.01 Representations by the Issuer. The Issuer represents and warrants to the Borrower, Trustee and the Owners of the Bonds that:

(a) The Issuer is a joint exercise of powers agency, duly organized, validly existing and in good standing under the Act and the laws of the State.
(b) The Issuer has power and lawful authority to adopt the Resolution, to execute and deliver the Issuer Documents, to issue the Bonds and receive the proceeds of the Bonds, to apply the proceeds of the Bonds to make the Loan, to assign the revenues derived and to be derived by the Issuer from the Loan to the Trustee, and to perform and observe the provisions of the Issuer Documents and the Bonds on its part to be performed and observed.

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

(d) The Issuer makes no representation or warranty, express or implied, that the proceeds of the Bonds will be sufficient to finance the construction and equipping of the Project or that the Project will be adequate or sufficient for the Borrower’s intended purposes.

(e) The Issuer is not in violation of any Legal Requirements which would affect its existence or its ability to issue, execute, sell or deliver the Bonds, to enter into any of the Issuer Documents or to perform any of its obligations thereunder.

(f) The Issuer is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Trust Estate 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 Act and a resolution adopted by its Board of Directors 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 Act required to make the Bonds and the Indenture the valid, legal and binding limited obligations of the Issuer.

Section 2.02 Covenants of the Issuer. The Issuer hereby agrees with the Owners from time to time of the Bonds that, so long as the Bonds remain unpaid:

(a) The Issuer will pay or cause to be paid the principal of and the interest on the Bonds as the same become due, but solely to the extent provided in Section 10.02 hereof.

(b) The Issuer will do, execute, acknowledge, when appropriate, and deliver from time to time at the request of the Owners of the Bonds or the Trustee such further acts, instruments, financing statements and other documents as are necessary or desirable to better secure, transfer, pledge or assign to the Trustee, and grant a security interest unto the Trustee in and to the Trust Estate and the other properties and revenues herein described and otherwise to carry out the intent and purpose of the Issuer Documents and the Bonds, provided that the Issuer shall not be obligated to expend any of its own funds in carrying out the provisions of this Section 2.02(b).

(c) The Issuer will not use or knowingly permit the use of any proceeds of the Bonds or other funds of the Issuer, directly or indirectly, in any manner, and will 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(a)(7) of the Code by reason of such Bond not meeting the requirements of Section 142(d) of the Code.
(d) The Issuer will at all times do and perform all acts and things permitted by law and this Indenture which are necessary or desirable in order to assure, and will not knowingly take any action which will adversely affect, the excludability of interest on the Bonds from gross income for federal income tax purposes.

(e) The covenants of the Issuer in Section 2.02(e) and Section 2.02(d) are made solely in reliance on the representations and covenants of the Borrower set forth in the Loan Agreement, the Tax Certificate and the Regulatory Agreement and a default by the Borrower with respect thereto shall not be considered a default of the Issuer hereunder.

ARTICLE III

AUTHORIZATION AND ISSUANCE OF BONDS

Section 3.01 Authorization of Bonds.

(a) There is hereby authorized, established and created an issue of Bonds of the Issuer to be known and designated as the “California Municipal Finance Authority Multifamily Housing Revenue Bonds (Pacific Pointe at the Shipyard Apartments Project), Series 2014A-1” in the original aggregate principal amount of $17,511,200 and the “California Municipal Finance Authority Multifamily Housing Revenue Bonds (Pacific Pointe at the Shipyard Apartments Project), Series 2014A-2” in the original aggregate principal amount of $2,963,800. No additional bonds shall be authorized or issued under this Indenture. The Bonds shall be issued for the purpose of making the Loan by depositing such amounts in the various accounts of the Project Fund established hereunder.

(b) The Bonds are hereby authorized to be issued as drawdown Bonds. The Owners of the Bonds shall fund the purchase price of the Bonds in installments. The initial installment for the purchase of the Bonds shall be in the amount of $1,950,837.11 to be advanced by the Owners of such Bonds and received by the Trustee on the Closing Date, which purchase price shall be deposited in the Project Fund for application as provided in Section 5.02 hereof. Provided that the conditions to advance contained in the Construction Disbursement Agreement are either satisfied or waived by the Servicer, the balance of the purchase price of the Bonds shall be advanced in subsequent installments by the Owners (if more than one Owner for a series of Bonds, pro rata based on the respective maximum face principal amounts of such Bonds). Upon receipt of a Funding Notice described below, the Trustee shall provide the Owners with written directions to fund a portion of the purchase price of the Bonds not less than three (3) Business Days prior to the date when such funds are required from the Owners, which such notice shall describe the amount of the purchase price to be funded and the purposes to which the proceeds of the Bonds so purchased will be applied. The first $17,511,200 paid by the Owner on account of the purchase price of the Bonds shall be credited against the purchase price of, and used to purchase, the Series A-1 Bonds (and the corresponding amounts advanced by the Owner to Borrower under the Loan Agreement shall be deemed advanced under the Series A-1 Note). All subsequent amounts paid by the Owner on account of the purchase price of the Bonds shall be credited against the purchase price of, and used to purchase, the Series A-2 Bonds (and the corresponding amounts advanced by the Owner to Borrower under the Loan Agreement shall be deemed advanced under the Series A-2 Note). Upon the payment of any portion of the purchase...
price of the Bonds by the Owners in accordance with the terms of this Section 3.01(b), such payment shall be deposited by the Trustee in the Project Fund as designated in the corresponding funding notice received by the Trustee from the Servicer (each, a “Funding Notice”) and thereafter immediately applied in accordance with the corresponding Requisition pursuant to Section 5.02 hereof. The Trustee shall maintain in its books a log which shall reflect from time to time the payment of the purchase price of each series of Bonds by the Owners in accordance with the provisions of this Section 3.01(b). If presented to the Trustee by any Owner, amounts funded by the Owners in accordance with the provisions of this Section 3.01(b) shall be noted on Schedule A attached to the applicable Bond so presented to the Trustee. Notwithstanding any provision in Section 3.06 hereof to the contrary, each series of Bonds shall bear interest as provided in Section 3.06 hereof upon the deposit with Trustee by the Owners of the amount of purchase price of the Bonds so paid in accordance with the provisions of this Section 3.01(b).

Section 3.02 Conditions Precedent to Authentication and Delivery of Bonds. Prior to the initial authentication and delivery of the Bonds, the Trustee shall have received each of the following:

(a) the original executed Notes, and executed original counterparts of this Indenture, the other Issuer Documents and the Loan Documents;

(b) confirmation from the Servicer or its counsel that the conditions to initial purchase of Bonds contained in the Construction Disbursement Agreement have been satisfied or waived by Servicer;

(c) a certified copy of the Resolution;

(d) evidence of the payment of the initial installment of the purchase price of the Bonds and deposit of the Borrower funds required pursuant to Section 5.01(c) of this Indenture;

(e) an opinion of Bond Counsel substantially to the effect that the Bonds constitute legal, valid and binding obligations of the Issuer and that under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is not includable in gross income of the Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) for federal income tax purposes; and

(f) an original investor letter executed by the initial purchaser(s) of the Bonds, in substantially the applicable form set forth in Exhibit B hereto.

Section 3.03 Registered Bonds. The Bonds shall be issued at physical certificated instruments in fully registered form and shall be payable in accordance with the provisions hereof and of the Bonds to the Owner thereof as shown on the records maintained by the Trustee.

Section 3.04 Loss, Theft, Destruction or Mutilation of Bonds. In the event a Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond bearing a notation indicating the principal amount outstanding, in exchange for the mutilated Bond, or in substitution for a Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Issuer and the Trustee (i) such security or indemnity as may be required by them to save them harmless from all risks, however remote,
and (ii) evidence to their satisfaction of the mutilation, destruction, loss or theft of a Bond and of the ownership thereof. Upon the issuance of a Bond upon such exchange or substitution, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Issuer and the Trustee. In case a Bond shall become mutilated or be destroyed, lost or stolen, the Trustee may, instead of authenticating a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Issuer and the Trustee such security or indemnity as they may require to save them harmless and evidence satisfactory to them of the mutilation, destruction, loss or theft of the Bond and of the ownership thereof.

Section 3.05 Terms of Bonds – General.

(a) Registration; Denomination. The Bonds shall be issuable initially in Authorized Denominations as specified by the initial Owner. Thereafter, the Bonds shall be issuable in any Authorized Denomination required to effect transfers, exchanges or redemptions permitted or required by this Indenture. The Bonds shall be substantially in the form of Exhibit A hereto, with such amendments and changes as the officer executing the same shall deem appropriate.

(b) Date and Maturity. All Bonds shall be dated the Closing Date. The Bonds shall bear interest from the Closing Date until paid in full, payable for the periods, in the amounts, at the rates, and as provided in Section 3.06 hereof. Each Series of Bonds shall mature on the Maturity Date for such Series, unless sooner redeemed or accelerated.

(c) Payment. The principal of and interest on the Bonds shall be payable in lawful money of the United States of America by check or draft of the Trustee. Payments of interest and of principal upon redemption pursuant to Section 4.01(f) hereof shall be mailed by first-class mail to the Owners of the Bonds at their addresses appearing on the records of the Trustee; provided, however, that the payment to the Servicer shall, upon written request of the Servicer, be transmitted by the Trustee by wire transfer or other means requested in writing by the Servicer. Payment of the principal (other than upon redemption pursuant to Section 4.01(f) hereof) of a Bond shall only be made upon surrender of the Bond at the Principal Office of the Trustee. Notwithstanding anything in this Indenture to the contrary, all payments of principal and interest with respect to Bonds owned by the Majority Owner shall, at the request of the Majority Owner, be made by wire transfer to the Majority Owner without the requirement of surrender of such Bonds under any circumstances. All principal payments shall be applied first to the Series A-1 Bonds (until such Series A-1 Bonds are paid in full) and then to the Series A-2 Bonds.

Section 3.06 Interest on the Bonds.

(a) General. The cumulative principal amount of the Bonds for which installment purchase payments have been received by the Trustee shall bear interest at the applicable rate or rates provided below. On each Interest Payment Date, interest accrued for the previous Calculation Period shall be payable. While any Series of the Bonds bears interest at a Variable Rate or at the Reset Rate, or at an Alternative Rate based on a Variable Rate or the Reset Rate, interest on such Series of Bonds shall be computed on the basis of a 360-day year, for the
number of days actually elapsed. While any Series of the Bonds bear interest at the Fixed Rate, or at an Alternative Rate based on the Fixed Rate, interest on such Series of Bonds shall be computed on the basis of a 360-day year of twelve equal months of 30 days each. While the Bonds bear interest at the Taxable Rate, interest on the Bonds shall be computed on the basis of a year of 365 or 366 days, as applicable, and actual days elapsed.

(b) **Variable Rate.** During the Variable Rate Period for any Series of Bonds, such Series of Bonds shall bear interest at the Variable Rate. During any Variable Rate Period, the Servicer shall determine a Variable Rate for each Series of Bonds for each day. The Servicer shall give telephonic (with following written confirmation) or facsimile notice on, or promptly following, each Interest Payment Date to the Trustee and the Borrower of the interest payable on such Interest Payment Date. Absent manifest error, the determination of the Variable Rate by the Servicer shall be conclusive and binding upon the Owners, the Issuer, the Borrower and the Trustee.

(c) **Fixed Rate.** During the Fixed Rate Period for the Series A-2 Bonds, such Series of Bonds shall bear interest at the Fixed Rate. Not less than thirty (30) days prior to the Conversion Date, the Trustee shall provide notice by first-class mail, postage prepaid, to all Owners (with a copy to the Issuer and the Borrower) at their addresses shown on the bond register providing that the interest rate on the Series A-2 Bonds will be converted to the Fixed Rate effective on the Conversion Date. Failure to mail any such notice or any defect in the mailing thereof in respect of any Series A-2 Bond shall not affect the validity of the conversion of the interest rate with respect to any Series A-2 Bond.

(d) **Reset Rate.** During the Reset Period, the Bonds shall bear interest at the Reset Rate. Not less than thirty (30) days prior to the Reset Date, the Trustee shall provide notice by first-class mail, postage prepaid, to all Owners (with a copy to the Issuer and the Borrower) at their addresses shown on the Bond Register providing that the interest rate on the Bonds will be converted to the Reset Rate effective on the Reset Date if the Trustee receives an Opinion of Bond Counsel that conversion of the interest rate on the Bonds to the Reset Rate on the Reset Date will cause interest on the Bonds to be includable in gross income for federal income tax purposes. Failure to mail any such notice or any defect in the mailing thereof in respect of any Bond shall not affect the validity of the conversion of the interest rate with respect to any Bond. It is a condition to conversion of the interest rate on the Bonds to the Reset Rate on the Reset Date that the Trustee and the Servicer shall have received an Opinion of Bond Counsel that conversion of the interest rate on the Bonds to the Reset Rate on the Reset Date will not cause interest on the Bonds to be includable in gross income for federal income tax purposes. During the Reset Period, the Servicer shall determine a Reset Rate for the Bonds for each day. The Servicer shall give telephonic or facsimile notice (with following written confirmation) on, or promptly following, each Interest Payment Date to the Trustee and the Borrower of the interest payable on such Interest Payment Date. Absent manifest error, the determination of the Reset Rate by the Servicer shall be conclusive and binding upon the Owners, the Issuer, the Borrower and the Trustee.

(e) **Alternative Rate.** Following the occurrence of an Event of Default under the Loan Agreement or an Event of Default under this Indenture, the Bonds shall bear interest at the Alternative Rate.
(f) **Taxable Rate.** If an Initial Notification of Taxability shall occur, the Bonds shall bear interest from the date of such Initial Notification of Taxability at the Taxable Rate. If such Initial Notification of Taxability is reversed by the Internal Revenue Service or a court of competent jurisdiction and a Determination of Taxability has not occurred, then the Bonds shall bear interest from the date of such reversal at the rate applicable to the Bonds prior to the Initial Notification of Taxability and the Bank shall refund to the Borrower on or prior to the next succeeding Bond Payment Date, the excess interest previously paid. This provision shall survive the discharge of this Indenture.

(g) **Additional Interest.** The Owners of the Bonds shall also be entitled to Additional Interest, which amount, if any, shall be deposited in the Revenue Fund pursuant to the provisions of Section 3.2(b) of the Loan Agreement.

(h) **Maximum Rate.** In no event shall interest accrue on the Bonds at a rate greater than the Maximum Rate.

(i) **Usury.** Notwithstanding any provision of this Indenture to the contrary, in no event shall the interest contracted for, charged or received in connection with the Bonds (including any other costs or considerations that constitute interest under the laws of the State which are contracted for, charged or received pursuant to this Indenture) exceed the maximum rate of nonusurious interest allowed under the laws of the State as presently in effect and to the extent of any increase allowable by such laws. To the extent permitted by law, interest contracted for, charged or received on the Bonds shall be allocated over the entire term of the Bonds, to the end that interest paid on the Bonds does not exceed the maximum amount permitted to be paid thereon by law. Excess interest, if any, provided for in this Indenture, or otherwise, shall be canceled automatically as of the date of such acceleration or, if theretofore paid, shall be credited as principal paid on the Bonds.

Section 3.07 **Payment of Interest on the Bonds.** Interest on the Bonds shall be payable in the following manner: commencing the first day of the first month after the month in which the Closing Date occurs and continuing on each Interest Payment Date thereafter, interest on the Outstanding principal balance of the Bonds (which amount shall reflect so much of the purchase price as shall have been paid pursuant to Section 3.01(b) hereof) at the applicable interest rate for each series of Bonds shall be due and payable in arrears; and all accrued and unpaid interest shall be due and payable in full on the Maturity Date, if not paid earlier. To the extent more than one Bond is issued and Outstanding at any one time under the terms of this Indenture, payments of principal, interest and premium (if any) on the Bonds shall be made in a pro rata manner based on the Outstanding principal amount of the Bonds.

Section 3.08 **Execution and Authentication of Bonds.**

(a) The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of an Authorized Representative of the Issuer.

(b) In case any officer of the Issuer whose signature or facsimile signature shall appear on any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been actually delivered, such Bonds may, nevertheless, be delivered as herein
provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices or be so employed. Any Bond may be signed and sealed on behalf of the Issuer by such persons as, at the actual time of the execution of such Bond, shall be duly authorized or hold the proper office in or employment by the Issuer, although at the date of the Bonds such persons may not have been so authorized nor have held such office or employment.

(c) No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit under this Indenture unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in such Bond duly executed by the Trustee, by the manual signature of an authorized signatory thereof, and such certificate of the Trustee upon any Bond executed on behalf of the Issuer shall be conclusive evidence that the Bond so authenticated has been duly issued under this Indenture and that the Owner thereof is entitled to the benefits of this Indenture.

Section 3.09 Negotiability, Transfer and Registry of Bonds.

(a) All the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So long as this Indenture remains in force, the Trustee, as registrar, shall maintain and keep books for the recordation of the taxpayer identification number of each of the Owners of the Bonds and the registration, transfer and exchange of Bonds. Each Bond shall be transferable only upon the books of registration. The Trustee is hereby appointed registrar, to act as agent of the Issuer for the registration and transfer of Bonds and the maintenance of the books of registration. The Issuer may appoint a successor registrar upon notice by mail to the Trustee and the Owners of the Bonds.

(b) Upon a partial redemption of the Bonds, the Issuer shall execute and the Trustee shall authenticate and deliver new certificates representing the unredeemed portion of the Bonds to be so tendered or redeemed in part, in exchange for the certificates representing the Bonds to be so tendered or redeemed in part. Surrender of Bonds for execution, authentication and delivery of new certificates shall not be a precondition to the redemption of Bonds pursuant to Section 4.01(f) hereof. If a Bond shall be transferred in part, such Bond shall be delivered to the registrar, and the Trustee shall, on behalf of the Issuer, deliver two Bonds in replacement therefor, having the same maturity and interest provisions and in the same aggregate principal amount as the Bond so delivered.

(c) Upon surrender of the Bonds at the Principal Office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Owner or his attorney duly authorized in writing, such Bonds may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bonds in Authorized Denominations.

(d) The Borrower shall bear all costs in connection with any transfer or exchange of Bonds, including the reasonable fees and expenses of the Issuer, Bond Counsel and the Trustee and of any required indemnity for the Issuer and the Trustee; provided that the costs of any tax or other governmental charge imposed upon such transfer or exchange shall be borne by the Owner of the Bond.
(e) Bonds shall be transferred upon presentation and surrender thereof at the Principal Office of the Trustee by the Owner thereof or his attorney duly authorized in writing with due endorsement for transfer or accompanied by a written instrument of transfer in form satisfactory to the Trustee. All Bonds surrendered in any exchanges or transfers shall forthwith be canceled. For every such exchange or transfer of Bonds, there shall be made a charge sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be obligated to (i) authenticate, exchange or transfer any Bond during a period beginning at the opening of business on any Record Date and ending at the close of business on the next succeeding Interest Payment Date, (ii) authenticate, exchange or transfer any Bond during a period beginning at the opening of business 15 days next preceding any selection of Bonds to be redeemed and ending at the close of business on the date of the first giving of notice of such redemption, or (iii) transfer or exchange any Bonds called or being called for redemption in whole or in part.

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

(1) 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 or registered through The Depository Trust Company without the prior written consent of the Issuer;

(2) the Bonds shall only be transferred to an entity that is an Approved Institutional Buyer;

(3) each transferee of the Bonds shall deliver to the Issuer an investor 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

(4) the Trustee shall not authenticate or register a Bond unless the conditions of this Section 3.09(f) have been satisfied. Nothing contained in this Section 3.09(f) shall be deemed to limit or otherwise restrict the sale by any Owner of any participation interests, whether through a trust arrangement or otherwise, in any Bond; provided that (A) such Owner shall remain the Owner 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; (C) any such participation shall be in a principal amount of at least $250,000; and (D) the purchaser of such participation interest shall provide an investor letter to the Issuer substantially in the form of Exhibit B hereto.

(g) In addition to any transfer permitted by Section 3.09(f), the Bonds may be transferred, in whole or in part:

(1) to one or more Owners upon receipt by the Issuer, each Owner making such transfer, and the Trustee of (i) any disclosure document which is prepared in connection with such transfer of any Bond, (ii) evidence that each such Bond is rated “A”
or better by one of S&P or Moody’s, and (iii) an opinion of Counsel to the effect that
(A) the exemption of the Bonds or any securities evidenced thereby from the registration
requirements of the Securities Act of 1933, as amended, and the exemption of this
Indenture from qualification under the Trust Indenture Act of 1939, as amended, will not
be impaired as a result of such transfer, and (B) such transfer will not adversely affect the
exclusion of interest accrued on the Bonds from gross income of the Owners thereof
(other than an Owner who is a “substantial user” of the Project or a “related person” to a
“substantial user,” as defined in Section 147(a) of the Code) for federal income tax
purposes; or

(2) to any trust, custodial or similar arrangement the ownership interests in
which are to be distributed through the issuance of securities that are registered under the
Securities Act of 1933, as amended, and/or are exempt from the registration requirements
of the Securities Act of 1933, as amended, and are rated “A2” by Moody’s (or an
equivalent rating by another nationally recognized rating agency) or better, without
respect to modifier, or securities the pass-through payments on which are guaranteed by
an insurer or guarantor, the unsecured long-term obligations of which are rated “A2” by
Moody’s (or an equivalent rating by another nationally recognized rating agency) or
better, without respect to modifier.

Section 3.10 Ownership of Bonds. The Issuer, the Trustee and any other Person may
treat the registered owner of any Bond as the absolute owner thereof, whether such Bond shall be
overdue or not, for the purpose of receiving payment of, or on account of, the principal or
redemption price of and interest on such Bond and for all other purposes whatsoever, and
payment of the principal or redemption price, if any, of and interest on any such Bond shall be
made only to, or upon the order of, such registered owner. All such payments to such registered
owner shall be valid and effectual to satisfy and discharge the liability of the Issuer upon such
Bond to the extent of the sum or sums so paid, and neither the Issuer nor any Trustee shall be
affected by any notice to the contrary.

Section 3.11 Payments on Bonds Due on Non-Business Days. In any case where any
Bond Payment Date shall be a day other than a Business Day, then payment of the Bonds need
not be made on such date but may be made on the next succeeding Business Day with the same
force and effect as if made on the Bond Payment Date, and no interest shall accrue for the period
after such date.

Section 3.12 Registration of Bonds in the Book-Entry Only System.

(a) Notwithstanding any provision herein to the contrary, the provisions of this
Section 3.12 and the Representation Letter (as defined below) shall apply with respect to any
Bond registered to Cede & Co. or any other nominee of The Depository Trust Company
(“DTC”) while the Book-Entry Only System (meaning the system of registration described in
paragraph (b) of this Section 3.12) is in effect. The Book-Entry Only System shall become
effective thirty (30) days after the Owners of all the Bonds provide notice in writing to the
Trustee, the Borrower, and the Issuer, subject to the provisions below concerning termination of
the Book-Entry Only System, and the Issuer shall have provided its written consent to the
utilization of the Book-Entry Only System. Until all of the Owners of the Bonds provide such notice, the Book-Entry Only System shall not be in effect.

(b) Upon the effectiveness of the Book-Entry Only System, the Issuer shall execute and deliver, and the Trustee shall transfer and exchange Bond certificates for a separate single authenticated fully registered Bond for each stated maturity in substantially the form provided for in Exhibit A hereto. Any legend required to be on the Bonds by DTC may be added by the Trustee. On the date of delivery thereof, the Bonds shall be registered in the registry books of the Trustee in the name of Cede & Co., as nominee of DTC as agent for the Issuer in maintaining the Book-Entry Only System. With respect to Bonds registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Issuer, the Borrower, and the Trustee shall have no responsibility or obligation to any Participant (which means securities brokers and dealers, banks, trust companies, clearing corporations and various other entities, some of whom or their representatives own DTC) or to any Beneficial Owner (which means, when used with reference to the Book-Entry Only System, the Person who is considered the Beneficial Owner of the Bonds pursuant to the arrangements for book entry determination of ownership applicable to DTC) with respect to the following: (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to or from any Participant, any Beneficial Owner or any other Person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption or tender (whether mandatory or optional), or (iii) the payment to any Participant, any Beneficial Owner or any other Person, other than DTC, of any amount with respect to the principal or premium, if any, or interest on the Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of DTC, and all such payments shall be valid and effective fully to satisfy and discharge the Issuer’s obligations with respect to the principal of any premium, if any, and interest on Bonds to the extent of the sum or sums so paid. No Person other than DTC or its agent shall be entitled to receive an authenticated Bond evidencing the obligation of the Issuer to make payments of principal and premium, if any, and interest pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words “Cede & Co.” in this Indenture shall refer to such new nominee of DTC.

(c) Upon receipt by the Trustee of written notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities, the Issuer shall issue and the Trustee shall transfer and exchange Bonds as requested by DTC in appropriate amounts and in authorized denominations, and whenever DTC requests the Issuer and the Trustee to do so, the Trustee and the Issuer will, at the expense of the Borrower, cooperate with DTC in taking appropriate action after reasonable notice (i) to arrange for a substitute bond depository willing and able upon reasonable and customary terms to maintain custody of the Bonds or (ii) to make available for transfer and exchange Bonds registered in whatever name or names and in whatever authorized denominations as DTC shall designate.

(d) In the event the Beneficial Owners subsequently determine that the Beneficial Owners should be able to obtain Bond certificates, the Beneficial Owners may so notify DTC and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of Bond certificates. In such event, the Issuer shall issue and the Trustee shall, at the expense of the Beneficial Owners, transfer and exchange Bond certificates as requested by DTC in appropriate
amounts and in authorized denominations. Whenever DTC requests the Trustee to do so, the Trustee will, at the expense of the Beneficial Owners, cooperate with DTC in taking appropriate action after reasonable notice to make available for transfer and exchange Bonds registered in whatever name or names and in whatever authorized denominations as DTC shall designate.

(e) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Letter of Representation to be delivered by the Borrower and the Trustee to DTC.

(f) Notwithstanding any provision herein to the contrary, so long as the Bonds outstanding are held in the Book-Entry Only System, if less than all of such Bonds of a maturity are to be redeemed upon any redemption of Bonds hereunder, the particular Bonds or portions of Bonds to be redeemed shall be selected by DTC in such manner as DTC may determine.

(g) So long as the Book-Entry Only System is in effect, a Beneficial Owner who elects to have its Bonds purchased pursuant to this Indenture shall effect delivery by causing a Participant to transfer the Beneficial Owner’s interest in the Bonds pursuant to the Book-Entry Only System. The requirement for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred in accordance with the Book-Entry Only System.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01 Mandatory Redemption. The Bonds shall be subject to mandatory redemption, and shall be redeemed prior to maturity, as follows:

(a) in whole or in part on the first Interest Payment Date for which notice can be given in accordance with this Indenture after the Conversion Date to the extent of excess funds on deposit on such date in the Loan Account of the Project Fund, determined as provided in Section 5.03 of this Indenture; or

(b) in whole or in part on the first Interest Payment Date for which adequate notice can be given in accordance with this Indenture after and to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project are deposited in the Insurance and Condemnation Account of the Project Fund and are not to be used to repair or restore the Project (which unused Condemnation Award or Insurance Proceeds shall be applied to the redemption of Bonds, unless all of the Owners shall have approved a proposed alternative application of such funds and the Trustee and the Servicer shall have received an opinion of Bond Counsel to the effect that such proposed alternative application of such funds will not adversely affect the exclusion from gross income of Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code); or
(c) in whole on the first Interest Payment Date for which notice can be given to the Owners in accordance with this Indenture following receipt by the Trustee of notice from the Servicer demanding such redemption, following a Determination of Taxability; or

(d) on the date upon which Stabilization is achieved (or the Interest Payment Date immediately preceding such date), in an amount sufficient to reduce the aggregate principal amount of Outstanding Bonds to $2,963,800; or

(e) on the date upon which Stabilization is achieved (or the Interest Payment Date immediately preceding such date), in the amount (if any), in excess of the amount required pursuant to Section 4.01(d), that is necessary in order to achieve compliance with the debt service coverage condition to achievement of Stabilization; or

(f) in whole on any specified Interest Payment Date on or after the Reset Date (i.e., the seventeenth anniversary of the Conversion Date), if the Owners of all of the Bonds elect redemption by giving not less than 180 days’ prior written notice thereof to the Trustee and the Borrower, which notice shall specify the Interest Payment Date on which the Bonds are to be redeemed; or

(g) in part on the first day of each calendar month as set forth in Exhibit C to this Indenture (as it may be amended from time to time in accordance with Section 4.07(b)), in the amount set forth opposite such date in Exhibit C; or

(h) in whole, following receipt by the Trustee of notice from the Servicer stating that an Event of Default has occurred under the Loan Agreement or the Construction Disbursement Agreement and demanding redemption of the Bonds, on any date selected by the Servicer, specified in a notice in writing delivered to the Borrower at least ten (10) days prior to such date.

Section 4.02 Redemption Price of Bonds Redeemed Pursuant to Mandatory Redemption. Any Bonds being redeemed before maturity in accordance with Section 4.01 of this Indenture shall be redeemed at a redemption price equal to the principal amount of the Bonds being redeemed, together with accrued interest to the date of redemption, plus (a) the Prepayment Equalization Payment, if redemption is under Section 4.01(a), (b), (c), (e) or (h) and occurs prior to the Reset Date, and (b) Additional Interest, if redemption is under Section 4.01(c).

Section 4.03 Optional Redemption. The Bonds shall be subject to redemption from the proceeds of an optional prepayment of the Loan by the Borrower (a) in whole or in part, on any Interest Payment Date during the Variable Rate Period, at a redemption price equal to the principal amount thereof, together with accrued interest to the date of redemption, plus the Prepayment Equalization Payment and (b) in whole, but not in part, on any Interest Payment Date during the Reset Period, at a redemption price equal to the principal amount thereof, together with accrued interest to the date of redemption. No optional redemption is permitted during the Fixed Rate Period.

Section 4.04 Purchase in Lieu of Redemption. At the election of the Borrower upon a redemption in whole of the Bonds, by written notice to the Trustee and the Servicer given not less than five (5) Business Days in advance of such redemption date, the Bonds will be deemed
tendered for purchase in lieu of the redemption on such date. The purchase price of Bonds so purchased in lieu of redemption shall be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and shall be payable on the date of redemption thereof. Bonds so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Borrower.

Section 4.05 Notice of Redemption.

(a) Notice of redemption shall be given by the Trustee to the Owners and Borrower by facsimile transmission or other similar electronic means of communication, promptly confirmed in writing, not less than ten (10) Business Days prior to the date fixed for redemption; provided, however, that no notice of redemption shall be required to be given to the Owners for a redemption pursuant to Section 4.01(e) of this Indenture during such time as there is a single Owner of all the Bonds, and no notice of redemption shall be required to be given to the Owners in any event for a redemption pursuant to Section 4.01(f) of this Indenture. Receipt of such notice of redemption shall not be a condition precedent to such redemption, and failure to so notify any of such registered Owners shall not affect the validity of the proceedings for the redemption of the Bonds.

(b) Notice of redemption having been given as provided in subsection (a) of this Section 4.05 and all conditions precedent, if any, specified in such notice having been satisfied, the Bonds or portions thereof so to be redeemed shall become due and payable on the date fixed for redemption at the redemption price specified therein plus any accrued interest to the redemption date, and upon presentation and surrender thereof at the place specified in such notice, such Bonds or portions thereof shall be paid at the redemption price, plus any accrued interest to the redemption date. On and after the redemption date (unless funds for the payment of the redemption price and accrued interest shall not have been provided to the Trustee), (i) such Bonds shall cease to bear interest and (ii) such Bonds shall no longer be considered as Outstanding under this Indenture.

Section 4.06 Selection of Bonds To Be Redeemed.

(a) Except as otherwise expressly set forth herein, if less than all the Bonds are to be redeemed, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Trustee, in such manner as the Trustee in its sole discretion may deem fair and appropriate so that Bonds are redeemed, as nearly as practicable, from each Owner, if there is more than one Owner, on a pro rata basis according to the principal amount of Bonds represented by each Bond Outstanding.

(b) In making such selection, the Trustee may treat each Bond to be redeemed as representing that number of Bonds of the lowest Authorized Denomination as is obtained by dividing the principal amount of such Bond by such Authorized Denomination.

Section 4.07 Partial Redemption of Registered Bonds.

(a) In case part but not all of a Bond shall be selected for redemption, upon presentation and surrender at the Principal Office of the Trustee of such Bond by the Owner thereof or his attorney duly authorized in writing (with due endorsement for transfer or
accompanied by a written instrument of transfer in form satisfactory to the Trustee), the Issuer shall execute and the Trustee shall authenticate and deliver to or upon the order of such Owner, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds, at the option of such Owner, of any Authorized Denomination of like tenor, or if less than the minimum Authorized Denomination, an amount necessary to equal the unredeemed portion of the principal amount of the Bond; provided, however, that such surrender of Bonds shall not be required for payment of the redemption price pursuant to Sections 4.01(e) or 4.01(f) hereof. For all purposes of this Indenture (including exchange and transfer), the Bond so issued in less than a minimum Authorized Denomination shall be deemed to have been issued in an Authorized Denomination. Bonds so presented and surrendered shall be canceled in accordance with this Indenture.

(b) In the event of a partial redemption of Bonds other than pursuant to Section 4.01(e) of this Indenture or any failure of all of the Bonds authorized hereunder to be purchased through the “drawdown” mechanism pursuant to Section 3.01(b) through the Conversion Date, the mandatory sinking fund schedule set forth on the schedule attached as Exhibit C to this Indenture (as it may have been previously adjusted in accordance with this Section 4.07(b)) shall be adjusted to provide for approximately equal monthly payments of principal and interest at the applicable rate hereunder (taking into account minimum denominations of the Bonds) on the Bonds remaining Outstanding after taking into account such partial redemption; the Servicer shall provide the Trustee with a new schedule reflecting such adjustment.

ARTICLE V

ESTABLISHMENT OF CERTAIN FUNDS AND ACCOUNTS, APPLICATION THEREOF AND SECURITY THEREFOR

Section 5.01 Establishment of Funds and Accounts; Application of Proceeds of the Bonds; and Other Amounts.

(a) The following Funds and Accounts are hereby created and established as special trust funds:

(i) the Project Fund, consisting of:

(A) the Loan Account;

(B) the Costs of Issuance Account;

(C) the Insurance and Condemnation Proceeds Account;

(D) the Equity Account; and

(E) the Capitalized Interest Account;

(ii) the Replacement Reserve Fund;

(iii) the Operating Reserve Fund;
(iv) the Tax and Insurance Fund;

(v) the Revenue Fund; and

(vi) the Rebate Fund.

(b) All the Funds and Accounts created by subsection (a) of this Section 5.01 shall be held by the Trustee in trust for application only in accordance with the provisions of this Indenture.

(c) The initial installment for the sale of the Bonds ($1,950,837.11) shall be applied as follows:

(i) $1,950,837.11, representing a portion of the initial installment of the proceeds of the sale of the Bonds, shall be deposited with Chicago Title Company for the account of the Issuer;

(ii) $0 representing a portion of the initial installment of the proceeds of the sale of the Bonds, shall be deposited in the Loan Account of the Project Fund;

(iii) $0 shall be deposited in the Capitalized Interest Account;

(iv) $0 shall be deposited in the Costs of Issuance Account of the Project Fund; and

(v) $0 shall be deposited in the Equity Account of the Project Fund.

Section 5.02 Project Fund.

(a) Deposit of Moneys. The amounts specified in Section 5.01(c) shall be deposited in the Loan Account, the Capitalized Interest Account, the Costs of Issuance Account, and the Equity Account of the Project Fund. The Loan Account of the Project Fund shall be funded from time to time as and when installments of the purchase price of the Bonds are paid by the Owners pursuant to Section 3.01(b) hereof. Additional capitalized interest deposited by the Borrower in connection with any extension of the Completion Deadline or the Stabilization Deadline or otherwise shall be deposited in the Capitalized Interest Account of the Project Fund. Any amounts received by the Trustee from the Guarantor, and any amounts received by the Trustee from the Borrower in response to demands by the Trustee or the Servicer for deposits of Borrower’s funds shall be deposited in the Equity Account of the Project Fund. All Condemnation Awards and Insurance Proceeds shall be deposited in the Insurance and Condemnation Proceeds Account of the Project Fund. Any other funds directed by the Issuer, the Servicer or the Borrower to be deposited in the Project Fund which are not required to be otherwise deposited or disbursed shall be so deposited by the Trustee upon receipt of funds and such direction.

(b) Use of Moneys.
(i) **Loan Account and Equity Account.** The Trustee shall make payments from the Loan Account for the purpose of paying the Qualified Costs of the Project. The Trustee shall make payments from the Equity Account to pay (A) all costs of acquisition, construction, rehabilitation and equipping of the Project other than Qualified Costs of the Project and (B) to the extent amounts on deposit in the Loan Account are insufficient for such purposes, all Qualified Costs of the Project. Disbursements from the Loan Account and the Equity Account shall be made by the Trustee upon receipt of a Requisition, executed by an Authorized Representative of the Borrower and approved by an Authorized Representative of the Servicer; provided, however, disbursements from the Loan Account to pay interest on the Bonds shall not require a Requisition from the Borrower.

(ii) **Capitalized Interest.** On the last Business Day immediately preceding each Interest Payment Date up to and including the Stabilization Date, the Trustee shall transfer funds from the Capitalized Interest Account to the Revenue Fund to pay accrued interest on the Bonds through the date immediately preceding such Interest Payment Date, without any requirement or condition of submission of any Requisition. After the Stabilization Date, amounts held in the Capitalized Interest Account shall be applied to pay Project Costs, transferred to the Revenue Fund for application to the payment of amounts due in respect to the Bonds, or, as further provided in Section 5.03 hereof, released to the Borrower, in each case upon the written direction of the Servicer to the Trustee (a copy of which shall be provided to the Borrower).

(iii) **Costs of Issuance Account.** Amounts in the Costs of Issuance Account shall be disbursed by the Trustee on the Closing Date and thereafter only to pay costs of issuance of the Bonds pursuant to a closing statement signed by the Borrower and the Servicer identifying the amount to be paid and the payee. Amounts remaining in the Costs of Issuance Account (including investment proceeds) after the payment of all costs of issuance, and in any event not later than thirty (30) days following the Closing Date, shall be transferred to the Equity Account of the Project Fund.

(iv) **Insurance and Condemnation Proceeds Account.** The Trustee shall make all disbursements from the Insurance and Condemnation Proceeds Account only upon the receipt by the Trustee of the written request of the Borrower accompanied by the written approval of the Servicer and in accordance with the provisions of Section 5.04 hereof.

(v) **Acceleration.** Upon the occurrence and continuation of an Event of Default hereunder and an acceleration of the Bonds pursuant thereto, all moneys and investments in the Project Fund shall be transferred to the Revenue Fund and applied to the payment of the Bonds.

(c) **Requisitions.** The Trustee may rely fully on the representations of the Borrower contained in any Requisition, and upon the written approval of the Servicer set forth on any Requisition, delivered pursuant to the Loan Agreement, this Indenture and the Construction Disbursement Agreement, and shall not be required to make any investigation or inspection of the Project in connection therewith.
Section 5.03 Use of Moneys Following Stabilization. Moneys (including investment proceeds but net of amounts that the Trustee is directed by a written instruction from the Servicer to retain to pay Qualified Costs of the Project (i) incurred but not then due and payable or (ii) allocated to construction contingency, marketing or operating expenses after the Stabilization Date) held in the Loan Account shall be transferred immediately after the Stabilization Date to the Revenue Fund for application to the redemption of Bonds pursuant to Section 4.01(a) of this Indenture. Moneys held in the Equity Account shall be released to or upon the order of the Borrower, when the Servicer has notified the Trustee that all of the following conditions have been satisfied or waived by the Servicer: (i) the Borrower has obtained, and applied to costs of the Project in accordance with the requirements of the Construction Disbursement Agreement, all funds required to be paid by the Borrower pursuant to the Construction Disbursement Agreement; and (ii) Stabilization has occurred.

Section 5.04 Condemnation Awards and Insurance Proceeds.

(a) Moneys representing a Condemnation Award or Insurance Proceeds shall be deposited into the Insurance and Condemnation Proceeds Account of the Project Fund, and notice of such deposit thereof shall be given by the Trustee to the Servicer.

(b) To the extent there has been a determination pursuant to the Loan Documents to restore the Project, such Condemnation Award or Insurance Proceeds as have been approved for disbursement by the Servicer shall be disbursed by the Trustee to or for the account of the Borrower, in accordance with terms, conditions and procedures specified by the Servicer, for application by the Borrower for such purposes in accordance with the provisions of the Loan Documents.

(c) In the event there is a determination pursuant to the Loan Documents not to restore the Project, such Condemnation Award or Insurance Proceeds shall be either (i) transferred to the Revenue Fund and applied to the redemption of Bonds in accordance with Section 4.01(c) hereof, or (ii) released to the Borrower if the Borrower obtains an opinion of Bond Counsel that such release will not affect the excludability of the interest on the Bonds from gross income of Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) for federal income tax purposes, all in accordance with written direction of the Servicer to the Trustee and subject to the provisions of the Loan Documents.

Section 5.05 Replacement Reserve Fund and Operating Reserve Fund.

(a) There shall be deposited in the Replacement Reserve Fund all moneys received for such purpose by the Issuer or the Trustee from the Borrower pursuant to Section 5.22(c) of the Loan Agreement or transferred pursuant to Section 5.07 of this Indenture. Moneys in the Replacement Reserve Fund shall be disbursed by the Trustee only upon receipt of a written request therefor executed by the Authorized Representative of the Borrower and approved (or deemed approved) by the Servicer to be applied to repairs or replacements in part of the Project, except that upon the occurrence and continuation of an Event of Default hereunder and an acceleration of the Bonds pursuant hereto, all moneys and investments in the Replacement Reserve Fund (other than moneys held to pay costs required to be paid but not yet payable) shall
be transferred to the Revenue Fund and applied to the payment of the Bonds. Upon the payment in full of the Bonds and the fees and expenses of the Issuer, the Majority Owner, the Servicer and the Trustee and upon payment of amounts payable to the United States pursuant to Section 5.08 hereof, any amounts remaining in the Replacement Reserve Fund shall be paid to the Borrower as soon as practicable upon its written request therefor.

(b) There shall be deposited in the Operating Reserve Fund all moneys received for such purpose by the Issuer or the Trustee from the Borrower pursuant to Section 5.22(i) of the Loan Agreement or transferred pursuant to Section 5.07 of this Indenture. Moneys in the Operating Reserve Fund shall be disbursed by the Trustee only upon receipt of a written request therefor executed by the Authorized Representative of the Borrower and approved (or deemed approved) by the Servicer to be applied to costs of operation of the Project, except that upon the occurrence and continuation of an Event of Default hereunder and an acceleration of the Bonds pursuant hereto, all moneys and investments in the Operating Reserve Fund (other than moneys held to pay costs required to be paid but not yet payable) shall be transferred to the Revenue Fund and applied to the payment of the Bonds. Upon the payment in full of the Bonds and the fees and expenses of the Issuer, the Majority Owner, the Servicer and the Trustee and upon payment of amounts payable to the United States pursuant to Section 5.08 hereof, any amounts remaining in the Operating Reserve Fund shall be paid to the Borrower as soon as practicable upon its written request therefor.

Section 5.06 Tax and Insurance Fund. There shall be deposited in the Tax and Insurance Fund all moneys received for such purpose by the Trustee from the Borrower pursuant to Section 5.22(h) of the Loan Agreement or transferred pursuant to Section 5.07 of this Indenture. Moneys in the Tax and Insurance Fund shall be applied to payment of real estate taxes and insurance premiums, as the same become due in accordance with bills for such taxes and insurance premiums. If the Trustee becomes aware at any time that amounts in the Tax and Insurance Fund are or will be insufficient to pay such taxes and insurance premiums as they become due, the Trustee shall promptly give notice of such insufficiency to Borrower and the Servicer. Upon the occurrence and continuation of an Event of Default hereunder and an acceleration of the Bonds pursuant hereto, all moneys and investment in the Tax and Insurance Fund (other than moneys held to pay costs required to be paid but not yet payable) shall be transferred to the Revenue Fund and applied to the payment of the Bonds. Upon the payment in full of the Bonds and the fees and expenses of the Issuer, the Majority Owner, the Servicer and the Trustee, and upon payment of amounts payable to the United States pursuant to Section 5.08 hereof, any amounts remaining in the Tax and Insurance Fund shall be paid to the Borrower as soon as practicable upon its written request therefor.

Section 5.07 Revenue Fund.

(a) There shall be deposited in the Revenue Fund all amounts transferred from the Project Fund or received from the Borrower pursuant to Section 3.2 of the Loan Agreement with respect to the Loan Documents or from the Guarantor under the Guaranty, including payments of interest and principal and voluntary and involuntary prepayments of the Loan and investment earnings on investments held in the Funds and Accounts created by this Indenture (except as otherwise provided in Section 5.08 and Section 5.10).
(b) Amounts in the Revenue Fund shall be applied to the following items in the following order of priority:

(i) on each Interest Payment Date, to the payment of interest on the Bonds;

(ii) on each Bond Payment Date, to the payment of the principal of or redemption price (or purchase price in the event of an election of Borrower under Section 4.04) of, interest on, and any Prepayment Equalization Payment or Additional Interest due with respect to, the Bonds;

(iii) on the first day of each month, to the payment of any required deposit in the Tax and Insurance Fund;

(iv) on the first day of each month, to the payment of any required deposit in the Replacement Reserve Fund;

(v) on the first day of each month, to the payment of any required deposit in the Operating Reserve Fund;

(vi) on the first day of each month, to the payment of the fees of the Issuer, the Trustee, the Majority Owner and the Servicer, if any, due and owing under the Loan Documents and this Indenture;

(vii) on the first day of each month, to the payment of any other amounts then due and owing under the Loan Documents; and

(viii) on the first day of each month, to the Borrower or such other party as may be legally entitled thereto.

(c) Upon the payment in full of the Bonds and the fees and expenses of the Issuer and the Trustee and the payment of amounts payable to the United States pursuant to Section 5.08 hereof, any amounts remaining in the Revenue Fund (except amounts held for future payment to the United States pursuant to Section 5.08 hereof) shall be paid to the Borrower.

Section 5.08 Rebate Fund.

(a) The Rebate Fund shall be held and applied as provided in this Section 5.08. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment, to the extent required under the Code and as calculated by the Rebate Analyst, for payment to the United States Government. None of the Issuer, the Borrower or the Owners shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and by the Tax Certificate.

(b) The Trustee shall make information regarding the Bonds and the investments hereunder available to the Borrower promptly upon written request, shall make deposits to and disbursements from the Rebate Fund in accordance with the directions received from the Authorized Representative of the Borrower, shall invest moneys in the Rebate Fund pursuant to said directions and shall deposit income from such investments pursuant to said directions, and
shall make payments to the United States of America in accordance with written directions received from the Borrower.

(c) Notwithstanding any provision of this Indenture to the contrary, the Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any applicable Treasury regulation (the “Arbitrage Rules”), including, without limitation, the calculation of amounts required to be paid to the United States under the provisions of the Arbitrage Rules and the fair market value of any investment made hereunder, it being understood and agreed that the sole obligation of the Trustee with respect to investments of funds hereunder shall be to invest the moneys received by the Trustee pursuant to the written instructions of the Authorized Representative of the Borrower given in accordance with Section 5.09 hereof. The Trustee shall have no responsibility for determining whether or not the investments made pursuant to the direction of the Borrower or any of the instructions received by the Trustee under this Section comply with the requirements of the Arbitrage Rules and shall have no responsibility for monitoring the obligations of the Borrower or the Issuer for compliance with the provisions of the Indenture with respect to the Arbitrage Rules.

(d) Notwithstanding any provision of this Indenture to the contrary, the obligation to remit payment of the rebate amount to the United States and to comply with all other requirements of this Section 5.08 shall survive the defeasance or payment in full of the Bonds.

(e) Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the Borrower.

(f) The Trustee shall obtain and keep such records of the computations made pursuant to this Section 5.08 as are required under Section 148(f) of the Code. The Trustee shall keep and make available to the Borrower such records concerning the investments of the gross proceeds of the Bonds and the investments of earnings from those investments as may be requested by the Borrower in order to enable the Borrower to cause the Rebate Analyst to make the aforesaid computations as are required under Section 148(f) of the Code.

(g) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 5.08 need not be made if there shall have been delivered to the Trustee, the Issuer and the Servicer an opinion of Bond Counsel to the effect that such withdrawal and payment are not necessary in order to establish or maintain the exclusion from gross income of Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) of interest on the Bonds. In the event Bond Counsel so opines, the moneys on deposit in the Rebate Fund shall be applied to such purpose as the Borrower shall direct provided that the Borrower shall deliver to the Issuer, the Trustee and the Servicer an opinion of Bond Counsel to the effect that such application will not adversely affect the exclusion from gross income of Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) of interest on the Bonds for purposes of federal income taxation.
(a) All moneys from time to time received by the Trustee and held in the Funds and Accounts created hereby (other than the Rebate Fund) shall be held in trust as security for the benefit of the Owners of the Bonds. All such moneys, including the moneys held in the Rebate Fund, shall be invested as provided in this Indenture.

(b) Any such investments shall be held by or under the control of the Trustee. A sufficient amount of such investments shall be liquidated whenever the cash balance in any Fund or Account is insufficient to pay an approved Requisition when presented. Any moneys held as a part of the Funds shall be invested or reinvested, to the extent permitted by law, in Investment Securities at the request of and as directed in writing by an Authorized Representative of the Borrower.

Section 5.10 Investment Earnings. Earnings on investments held in the Capitalized Interest Account, the Loan Account, the Equity Account and the Insurance and Condemnation Proceeds Account shall be retained in the Capitalized Interest Account, the Loan Account, the Equity Account and the Insurance and Condemnation Proceeds Account, respectively, for application pursuant to Sections 5.02, 5.03 and 5.04 hereof. Earnings on all investments held in the Revenue Fund shall be retained in the Revenue Fund for application pursuant to Section 5.07 hereof. Earnings on investments held in the Replacement Reserve Fund, the Operating Reserve Fund, the Tax and Insurance Fund and the Rebate Fund shall be retained therein and applied in the manner prescribed by Sections 5.05, 5.06 and 5.08 hereof, respectively.

Section 5.11 Covenants Respecting Arbitrage and Rebate. The Trustee shall keep and make available to the Borrower such records concerning the investment of the gross proceeds of the Bonds and the investments of earnings from those investments as may be requested by the Borrower in order to enable the Borrower to fulfill the requirements of Section 148(f) of the Code.

Section 5.12 Covenants Respecting Additional Payments. The Trustee shall transfer the Additional Payments constituting the Issuer Annual Fee to or at the direction of the Issuer when due, to the extent of amounts received from the Borrower therefor.

Section 5.13 Records. The Trustee shall keep and maintain adequate records pertaining to the Funds and Accounts established hereunder, including all deposits to and disbursements from said funds and accounts. The Trustee shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal and interest paid on the Bonds, subject to the inspection of the Borrower, the Issuer, the Trustee and the Owners of the Bonds and their representatives at all reasonable times and upon reasonable prior notice.

Section 5.14 Reports From the Trustee. The Trustee shall, on or before the tenth (10th) day of each month and annually, file with the Servicer, the Borrower and the Issuer a statement setting forth in respect to the preceding calendar month or year:

(a) the amount withdrawn or transferred by it and the amount deposited within or on account of each Fund and Account held by it under the provisions of this Indenture, including the amount of investment income on each Fund and Account;
(b) the amount on deposit with it at the end of such month to the credit of each Fund and Account;

(c) a brief description of all obligations held by it as an investment of moneys in each such Fund and Account;

(d) the amount applied to the purchase or redemption of Bonds and a description of the Bonds or portions of Bonds so purchased or redeemed; and

(e) any other information which the Borrower, the Servicer or the Issuer may reasonably request and to which the Trustee has access in the ordinary course of its operations.

The Issuer acknowledges that, to the extent that regulations of the Comptroller of the Currency or any other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of securities transactions as they occur, the Issuer specifically waives the right to receive such confirmations. Upon the written request of any Owner or Owners of twenty-five percent (25%) or more in aggregate principal amount of Bonds then Outstanding, the Trustee, at the cost of the Borrower, shall provide a copy of such statement to the Owners of the Bonds. All records and files pertaining to the Trust Estate shall be open at all reasonable times to the inspection of the Servicer and its agents and representatives upon reasonable prior notice.

Upon 15 Business Days notice by the Servicer or the Issuer, the Trustee shall provide a statement to the Servicer and the Issuer setting forth the current amount of Bonds Outstanding.

ARTICLE VI

DEFAULT PROVISIONS; REMEDIES

Section 6.01 Events of Default. Each of the following events is hereby declared an “Event of Default” under this Indenture:

(a) The failure to pay any installment of principal or the redemption price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) During the Variable Rate Period and during the Reset Period, the failure to pay any installment of interest on any Bond payable hereunder within five (5) calendar days after the Borrower’s receipt of notice of the amount due and payable; or

(c) During the Fixed Rate Period, the failure to pay any installment of interest on any Bond when and as the same shall become due and payable; or

(d) The failure by Issuer to perform or observe any other covenant, agreement or condition on its part contained in this Indenture or in the Bonds, and such failure shall continue for a period of sixty (60) days after written notice thereof to the Issuer and the Borrower by the Trustee or by the Owners of not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding.
(e) Default in the timely payment of any installment of the fees payable to the Issuer pursuant to the Regulatory Agreement, and the continuance thereof for a period of thirty (30) days after written notice to the Trustee, the Borrower and the Servicer has been given by the Issuer, which default shall not be subject to waiver by the Servicer or the Trustee; or

(f) The Trustee shall have received written notice from the Issuer that a default under the Regulatory Agreement has occurred and is continuing past any applicable notice and cure periods.

Section 6.02 Remedies.

(a) Except as otherwise provided in this Article, the Trustee shall take only such actions in respect of an Event of Default as it shall be directed in writing to take by the Servicer. Such actions may include the following:

(i) Declaration of all Outstanding Bonds to be immediately due and payable, whereupon such Bonds shall become and be immediately due and payable, anything in the Bonds or in this Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment and all unpaid interest on the Bonds on the date of payment.

(ii) Implementation of actions for the recovery of the amounts due on the Notes, the Loan Agreement and the other Loan Documents;

(iii) Foreclosure or realization upon the collateral held by the Trustee for the obligations of the Borrower under the Loan Documents;

(iv) Implementation of such other rights and remedies as may be available under the Loan Documents, the Guaranty or applicable law.

(b) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Trustee, if so directed by the Servicer (or in the case of an Event of Default arising under Section 6.01(d), the Issuer), shall annul such declaration and its consequences with respect to any Bonds not then due by their terms. In such event, the Issuer, the Borrower, the Trustee and all of the Owners shall be restored to the same position as before the occurrence of the Event of Default. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 6.03 Additional Remedies and Enforcement of Remedies. Upon the occurrence and continuation of any Event of Default, the Trustee, if and to the extent directed by the Servicer, may proceed forthwith to protect and enforce its rights and the rights of the Owners under the Act, the Bonds and this Indenture by such suits, actions or proceedings as the Servicer, in its sole discretion, shall deem expedient.

Section 6.04 Application of Revenues and Other Moneys After Default.
(a) If an Event of Default shall occur and shall not have been remedied, the Trustee shall transfer to the Revenue Fund (i) forthwith, all moneys and securities then held in any other Fund or Account under this Indenture other than amounts held in the Rebate Fund and (ii) as promptly as practicable after receipt thereof, all revenues and other payments or receipts pledged under this Indenture and all proceeds realized as a result of remedial action under the Loan Documents, the General Partner Documents and the Guaranty.

(b) During the continuation of an Event of Default, the Trustee shall apply such moneys, securities, revenues, payments and receipts and the income therefrom as follows and in the following order:

(i) To the payment of Trustee Expenses;

(ii) To the payment of the amounts required to reimburse the Owners of the Bonds and the Issuer for any reasonable legal or other out of pocket costs incurred by them in connection with such remedial action and the reasonable fees and expenses of the Issuer in carrying out this Indenture or the Loan Documents;

(iii) To the payment of the interest and principal installments or redemption price then due and payable on the Bonds, as follows:

(A) Unless the principal of all of the Bonds shall have become or have been declared due and payable;

First: To the payment to the Persons entitled thereto of all installments of interest then due and payable in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal installments or redemption price of any Bonds which shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due and payable on any date, then to the payment thereof ratably, according to the amounts of principal installments or redemption price due on such date, to the Persons entitled thereto, without any discrimination or preference.

(B) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference (except as to any difference as to the respective rates of interest specified in the Bonds); and
(iv) Notwithstanding anything contained herein to the contrary, the Servicer may by written notice to the Trustee direct the application of funds other than in the manner set forth above (except that the priority of payment of Trustee’s fees and expenses shall not be altered), including, without limitation, the application of funds between the principal of or interest on the Bonds. Any such determination by the Servicer of shall be deemed conclusive, and the Issuer and the Trustee shall have no liability for the tax consequences of said determination.

Section 6.05 Remedies Not Exclusive. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Owners 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 under this Indenture or existing at law or in equity or by statute (including the Act) on or after the date of adoption of this Indenture.

Section 6.06 Remedies Vested in Trustee and Servicer. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee and the Servicer without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Subject to the rights of the Servicer to direct proceedings hereunder, any such suit or proceeding instituted by the Trustee shall be brought in its name under the authority herein granted without the necessity of joining as plaintiffs or defendants any Owners of the Bonds. Any recovery of judgment shall be for the equal benefit of the Owners of the Outstanding Bonds.

Section 6.07 Individual Bond Owners Action Restricted.

(a) No Owner of any Bond other than the Servicer (if it is the Owner of any Bond) or the Majority Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust under this Indenture or for any remedy under this Indenture.

(b) Nothing contained in this Indenture shall affect or impair, or be construed to affect or impair, the right of the Owner of any Bond (i) to receive payment of the principal of or interest on such Bond on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Owner of any Bond may institute or prosecute any such suit or enter judgment therein, if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein, under applicable law, would result in the surrender, impairment, waiver or loss of the lien of this Indenture on the moneys, funds and properties pledged under this Indenture for the equal and ratable benefit of all Owners of the Bonds appertaining thereto.

Section 6.08 Termination of Proceedings. In case any proceeding taken by the Servicer or by the Trustee at the direction of the Servicer on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Owners of the Bonds, the Issuer, the Trustee, the Borrower and the Owners of the Bonds shall be restored to their former positions and rights under this Indenture, and all rights, remedies and powers of the such parties shall continue as if no such proceeding had been taken.
Section 6.09  Waiver and Non-Waiver of Event of Default.

(a) No delay or omission of the Trustee, the Servicer or the Owners of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article VII to any party may be exercised from time to time and as often as may be deemed expedient.

(b) In case of any waiver by the Trustee, acting upon the direction of the Servicer, of an Event of Default under this Indenture, the Issuer, the Trustee and the Owners of the Bonds shall be restored to their former positions and rights under this Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Section 6.10  Servicer Controls Proceedings. If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, the Servicer shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or any other proceedings under this Indenture and subject to Section 7.02 of this Indenture; provided, however, that such direction is in accordance with law and the provisions of this Indenture; provided that nothing in this Section 6.10 shall impair the right of the Trustee in its discretion to take any other action under this Indenture which it may deem proper and which is not inconsistent with such direction by the Servicer, nor shall it impair the Issuer’s right to direct the Trustee to the extent permitted by Section 6.02.

ARTICLE VII

CONCERNING THE TRUSTEE

Section 7.01  Trustee; Appointment and Acceptance of Duties.

(a) The Issuer hereby appoints U.S. Bank National Association as trustee hereunder. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing this Indenture.

(b) Unless otherwise provided, the corporate trust offices of the Trustee are designated as the respective offices or agencies of the Trustee for the authentication and delivery of Bonds.

Section 7.02  Responsibilities of Trustee.

(a) The recitals of fact herein and in the Bonds contained (other than the certificate of authentication) shall be taken as the statements of the Issuer and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or as to the security afforded by this Indenture, and the Trustee shall incur no liability in respect thereof. The Trustee shall be under no responsibility or duty with respect to the application of any moneys properly
paid to it except as provided herein or as otherwise expressly agreed by the Trustee. Except for a
declaration of acceleration under Section 6.02 hereof or the payment of principal and interest on
the Bonds, the Trustee shall be under no obligation or duty to perform any act that would involve
it in expense or liability or to institute or defend any suit in respect of this Indenture or to
advance any of its own moneys, unless indemnified to its reasonable satisfaction. Subject to the
provisions of subsection (b) of this Section 7.02, the Trustee shall not be liable in connection
with the performance of its duties under this Indenture except for its own negligence or willful
misconduct.

(b) The Trustee, prior to the occurrence of an Event of Default and after the curing of
all Events of Default that may have occurred, undertakes to perform such duties and only such
duties as are specifically set forth in this Indenture. In case an Event of Default has occurred
(and has not been cured within any applicable grace period) and subject to the rights of the
Servicer with respect to control of remedies following an Event of Default hereunder, the Trustee
shall 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 a prudent person would exercise or use under the
circumstances in the conduct of such person’s own affairs. Any provisions of this Indenture
relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may
rely shall be subject to the provisions of this Section 7.02.

c) The Trustee shall cooperate fully with the Servicer in the enforcement and
protection of the rights of the Owners of the Bonds to the fullest extent possible under this
Indenture, the Loan Documents and applicable law. Toward this end, the Trustee shall take such
action as directed by the Servicer, including foreclosure of the Property under the Mortgage, suit
for specific performance of the Loan Documents or for damages for nonperformance thereof and
assignment of the Loan Documents to the Owners of the Bonds for purposes of enforcing the
rights of the Owners of the Bonds; provided, that without the prior written consent of the Issuer,
the Servicer shall give the Trustee no direction as to the enforcement of the Reserved Rights,
which shall, except with the prior written consent of the Issuer, be enforceable only by the Issuer.

(d) The Trustee shall not take any discretionary action under the Loan Documents
(although approval or disapproval of disbursement of Loan proceeds and investment earnings
thereon under the Loan Agreement shall be made in accordance with the terms of Article V
hereof) without the written approval of the Servicer and shall, subject to the proviso of paragraph
(c) of this section, take such discretionary action permitted or required under the Loan
Documents, as may be directed in writing by the Servicer.

(e) The Trustee shall notify the Servicer of any notification received by the Trustee
under or pursuant to the Loan Documents promptly after receipt of said notice.

(f) If any Event of Default occurs and is continuing hereunder and if the Trustee has
received written notice thereof or is deemed to have notice pursuant to this Indenture, the Trustee
shall give to all Owners, the Issuer and the Borrower written notice of such default or Event of
Default within thirty (30) days after receipt of such information. For the purpose of this Section
7.02 only, the term “default” means any event which is, or after notice or lapse of time or both
would become, an Event of Default under Section 6.01 hereof.
(g) Promptly upon receipt of notice of the occurrence of a Determination of Taxability, the Trustee shall give immediate telephonic notice, promptly confirmed in writing, to the Borrower, the Issuer, the Owners and former Owners (provided that the Trustee shall not be obligated to maintain records of such former Owners or to retain records relating to such former Owners for more than six years).

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder or under the Loan Agreement except for a default or Event of Default referred to in Section 6.01(a) or (b) hereof, unless the Trustee shall have received written notice of such Event of Default by the Issuer, the Borrower, the Servicer or by the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding.

Section 7.03 Evidence on Which Trustee May Act.

(a) The Trustee, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Indenture, shall examine such instrument to determine whether it conforms to the requirements of this Indenture and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel selected by it in respect of any action taken or suffered by the Trustee under this Indenture.

(b) Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision of this Indenture by the Issuer to any Trustee shall be sufficiently executed if executed in the name of the Issuer by an Authorized Representative of the Issuer.

Section 7.04 Compensation; No Trustee Liens. The Borrower shall pay to the Trustee, as provided in the Loan Agreement, from time to time reasonable compensation for all services rendered under this Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture, provided that the Trustee shall not have a lien therefor on any moneys or Investment Securities at any time held or received by it under this Indenture.

Section 7.05 Certain Permitted Acts. The Trustee may become the owner of any Bonds with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of the Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

Section 7.06 Resignation of Trustee. The Trustee may resign at any time and be discharged of the duties and obligations created by this Indenture by giving not less than sixty (60) days’ written notice to the Issuer, the Borrower and the Owners of the Bonds, provided that no resignation shall become effective until the acceptance of appointment by a successor Trustee.
as provided in Section 7.08 of this Indenture. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 60 days after the giving of such notice of resignation, the retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 7.07  **Removal of Trustee.** The Trustee may be removed at any time by an instrument or concurrent instruments in writing, signed by the Issuer or by the Servicer (subject to the prior written consent of the Issuer, which consent shall not be unreasonably withheld or delayed, if such removal is not for cause) and filed with the Trustee and the Borrower; provided that no removal shall become effective until the acceptance of appointment by a successor Trustee as provided in Section 7.08 of this Indenture.

Section 7.08  **Appointment of Successor Trustee; Temporary Trustee.** In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Servicer shall appoint a successor Trustee, subject to the prior written consent of the Issuer (which consent shall not be unreasonably withheld or delayed).

Section 7.09  **Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, the Servicer and to any Owner which shall request the same, an instrument accepting such appointment and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named; but the Trustee ceasing to act nevertheless, shall execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as reasonably may be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in or pursuant to this Indenture. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Issuer.

Section 7.10  **Merger or Consolidation of Trustee.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it may be party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act.

Section 7.11  **Servicer.** The Majority Owner may (but shall not be obligated to) appoint (with prompt notice thereof to the Issuer and the Borrower) a mortgage servicer to service the
Loan for all or a portion of the term of the Loan. The Servicer shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing the Servicing Agreement. Any Servicer appointed hereunder may be removed at any time, with or without cause, by the Majority Owner, by written notice to the Issuer, the Trustee, the Borrower and the Servicer. At any time when a Servicer has not been appointed or when a Servicer has been removed without appointment of a successor Servicer, pursuant to this Section 7.11, all references in this Indenture and in the Loan Documents to the Servicer shall be deemed to refer to the Majority Owner. The Servicer may, with the prior written consent of the Majority Owner, appoint an agent as subservicer to perform the duties of the Servicer under the Servicing Agreement.

ARTICLE VIII

AMENDMENTS AND SUPPLEMENTAL INDENTURES;
AMENDMENTS OF ISSUER DOCUMENTS

Section 8.01 Supplemental Indentures Not Requiring Consent of Owners of Bonds. The Issuer and the Trustee may, without the consent of, or notice to, the Owners of any Bonds (but only with the prior written consent of the Servicer, if any one person or entity owns at least fifty-one percent (51%) in aggregate principal amount of the Outstanding Bonds, and with notice to the Servicer and the Borrower), enter into one or more Supplemental Indentures for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Indenture;

(b) to grant to or confer any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Owners of the Bonds or the Trustee, or to make any change which, in the judgment of the Trustee and the Servicer, is not to the prejudice of the Owners of the Bonds;

(c) to subject to the pledge and lien of this Indenture additional revenues, properties and collateral;

(d) to evidence the appointment of a separate Trustee or co Trustee or the succession of a new Trustee; or

(e) to modify, amend or supplement the provisions of this Indenture or any Supplemental Indenture relating to the holding or investing by the Trustee of moneys hereunder or thereunder in such manner as the Issuer may deem necessary or desirable to maintain the exclusion from gross income of Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) for purposes of federal income taxation of interest on the Bonds.

Section 8.02 Supplemental Indentures Requiring Consent of Owners of Bonds.

(a) Exclusive of Supplemental Indentures covered by Section 8.01 of this Indenture and subject to the terms and provisions contained in this Section 8.02, and not otherwise, neither the Issuer nor the Trustee shall enter into any amendment, change or modification of this Indenture without the prior written consent of the Owners of not less than two thirds in aggregate
principal amount of the Bonds then Outstanding; provided, however, that nothing in this Section 8.02 contained shall permit, or be construed as permitting, without the consent of the Owners of all of the Bonds, (i) an extension of the maturity date of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, (iii) change in a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the percentages of the Owners of the Outstanding Bonds required for consent to such Supplemental Indenture, (v) the creation of any lien other than a lien ratably securing all of the Bonds at any time Outstanding or (vi) any reduction of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee.

(b) If at any time the Issuer and the Trustee shall desire to execute and deliver a Supplemental Indenture for any of the purposes of this Section 8.02, the Trustee shall, upon being provided with reasonably satisfactory arrangements for payment of its fees and expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to each Owner of the Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Owners of the Bonds. If within 60 days or such longer period as shall be prescribed by the Issuer following the giving of such notice, the Owners of not less than two thirds in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof. Subject to Section 8.04 hereof, upon the execution of any such Supplemental Indenture as in this Section 8.02 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Section 8.03 Reliance on Opinion of Counsel. The Trustee and the Issuer shall be entitled to rely upon an opinion of Counsel stating that a Supplemental Indenture is authorized or permitted by this Indenture, and prior to the execution and delivery of any Supplemental Indenture, the Trustee, the Issuer, the Servicer shall be furnished with an opinion of Bond Counsel stating that the provisions of such Supplemental Indenture will not cause the interest on the Bonds to be includable in gross income of Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) for purposes of federal income taxation.

Section 8.04 Consents Required. Anything herein to the contrary notwithstanding, a Supplemental Indenture described in Section 8.02 hereof which adversely affects any rights of the Borrower, the Servicer or the Trustee shall not become effective unless and until the affected party shall have consented in writing to the execution and delivery of such Supplemental Indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any Supplemental Indenture together with a copy of the proposed Supplemental Indenture to be mailed as provided in Section 4.05 with respect to the redemption of Bonds to the Borrower and the Servicer at least ten (10) days before the date of its proposed execution and delivery.
Section 8.05 Amendments of Loan Documents Not Requiring Consent of Owners of Bonds. The Issuer, the Trustee and the Borrower may, without the consent of or notice to any of the Owners of Bonds (but only with the consent of the Servicer) enter into any amendment, change or modification of any of the Loan Documents as may be required (a) by the provisions of the Loan Agreement or this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission therein, (c) so as to add additional rights and remedies for the benefit of Owners of the Bonds, or (d) in connection with any other change therein which, in the judgment of the Trustee and the Servicer, is not to the prejudice of the Trustee or the Owners of the Bonds.

Section 8.06 Amendments of Loan Documents Requiring Consent of Owners of Bonds. Except for the amendments, changes or modifications as provided in Section 8.05 hereof, none of the Issuer, the Trustee or the Borrower shall enter into any other amendment, change or modification of the Loan Documents without the mailing of notice and the written approval or consent of the Owners of not less than 66 2/3% in aggregate principal amount of the Outstanding Bonds; provided, however, that nothing in this Section or Section 8.05 hereof shall permit or be construed as permitting without the consent of the Owners of all of the Bonds (a) an extension of the time of the payment of any amounts payable under the Loan Documents, or (b) a reduction in the amount of any payment or in the total amount due under the Loan Documents. If at any time the Issuer, the Trustee or the Borrower shall desire the consent to any such proposed amendment, change or modification, the Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause notice of such proposed amendment, change or modification to be mailed in the same manner as provided herein with respect to redemption of Bonds. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Principal Office of the Trustee for inspection by all Owners of Bonds. If, within sixty (60) days, or such longer period as shall be prescribed by the Trustee as the case may be, following the mailing of such notice, the Owners of 66 2/3% in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as hereto provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Borrower or the Issuer or the Trustee as the case may be, from executing the same or from taking any action pursuant to the provisions thereof. The Issuer, or the Trustee as the case may be, shall have the right to extend from time to time the period within which such consent and approval may be obtained from Owners of the Bonds. Upon the execution of any such amendment, change or modification as in this Section permitted and provided, the Issuer Documents shall be and be deemed to be modified, changed and amended in accordance therewith.

ARTICLE IX

DISCHARGE
Section 9.01  Discharge of Indenture. If the Issuer shall pay, or there shall otherwise be paid, to the Owners of all Bonds the principal or redemption price, if applicable, and interest due thereon, at the times and in the manner stipulated therein and in this Indenture and if all Trustee Expenses and all amounts payable to the Issuer for its own account (including expenses and indemnification) shall be paid in full, then the pledge of revenues, other moneys and securities under this Indenture, and all covenants, agreements and other obligations of the Issuer to the Owners of Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, shall execute and deliver to the Issuer and the Borrower all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver as provided in Article V hereof all moneys or securities held by them pursuant to this Indenture (except as otherwise specified in Section 5.08) after the payment of principal or redemption price, if applicable, of or interest on Bonds. Notwithstanding the foregoing, upon such discharge the provisions of this Indenture relating to the Rebate Fund and Section 5.18(c) of the Loan Agreement shall continue in effect.

Section 9.02  Discharge by Delivery. The obligation to pay the principal of and interest on all or any portion of the Bonds (the “Bond Obligations”) may be discharged by the delivery of the Bonds to the Trustee accompanied by written direction from the Owner(s) thereof to cancel such Bonds without payment (except as provided hereafter in this Section 9.02), and upon such delivery, such Bond Obligations shall be canceled and deemed paid. In the event only a portion of the Bond Obligations shall be canceled and deemed paid shall remain Outstanding for all purposes of this Indenture; provided that if all Outstanding Bonds shall be delivered to the Trustee in accordance with the terms of this Section 9.02 and all of the requirements for the discharge of this Indenture (other than the payment of Bond Obligations) shall be paid and satisfied in full, then the Trustee shall discharge and release the lien of this Indenture, assign to the Owner(s) of the Bonds all right, title and interest of the Trustee in and to the Notes, the Loan Agreement and the other Loan Documents, deliver to the Owner(s) of the Bonds all moneys and securities held by the Trustee pursuant to this Indenture (except as otherwise specified in Section 5.08) up to an amount necessary to pay in full all of the principal of and interest on the Bonds through such cancellation and any other amounts due under the Loan Documents, and execute and deliver such releases or other instruments requisite to release the lien hereof.

Section 9.03  Discharge by Deposit. The obligation to pay the principal of and interest on all or a portion of the Bonds may be discharged if the Issuer or the Borrower has deposited or caused to be deposited, as trust funds, with the Trustee cash and/or Government Obligations which do not permit the redemption thereof at the option of the issuer thereof, the principal of and interest on which when due (or upon the redemption thereof at the option of the Owner), will, without reinvestment, provide cash which together with the cash, if any, on deposit with the Trustee at the same time, shall be sufficient, to pay and discharge the entire indebtedness on Bonds not theretofore canceled by the Trustee or delivered to the Trustee for cancellation by the payment of interest on and principal of the Bonds which have become due and payable or which shall become due at their stated maturity or redemption date, as the case may be (the “Defeasance Collateral”), and which are to be discharged under the provisions hereof, and has
made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, by the Trustee in the name, and at the expense, of the Borrower. If the period over which payments will be made from the Defeasance Collateral is greater than ninety (90) days, the Borrower must also deliver to the Trustee a verification report prepared by a certified public accountant, with respect to the sufficiency of the Defeasance Collateral to make such payments. In addition, to discharge the obligation to pay the principal and interest on the Bonds pursuant to this Section 9.03, the Issuer or the Borrower must (i) obtain an opinion of Bond Counsel addressed to the Issuer and the Trustee to the effect that all actions have been taken to cause the defeasance of this Indenture and such actions will not adversely affect the excludability of interest on the Bonds for federal income tax purposes under existing law, and (ii) provide written notice to the Servicer of such discharge at least thirty (30) days in advance.

ARTICLE X

MISCELLANEOUS

Section 10.01 Evidence of Signatures of Bond Owners and Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument that this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner of the Bonds or his attorney of such instruments may be proved by a guaranty of the signature thereon by a bank, trust company or national banking association or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guaranty, certificate or affidavit also shall constitute sufficient proof of his authority.

(b) The ownership of Bonds and the amount, numbers and other identification, and date of holding the same, shall be proved by the registry books maintained by the Trustee.

(c) Any request or consent by the Owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or any Trustee in accordance therewith.

Section 10.02 Bonds Not an Obligation of the State or Any Political Subdivision.

(a) None of the Issuer, any Issuer member or any person executing the Bonds is liable personally on the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the Issuer, payable solely from and secured by the Trust Estate. Neither the Issuer, its members, 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, its members, 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 has no taxing power.

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

(c) No recourse may be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein, in any other Issuer Document, in the Loan Documents or in the Bonds or for any claim based thereon or therefrom or otherwise in respect thereof against any director, member, officer, agent, attorney or employee, as such, in his individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty otherwise. No personal liability whatsoever will attach to, or be incurred by, any director, member, officer, agent, attorney or employee as such, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into in the Bonds or between the Issuer and the Trustee, whether contained herein or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such director, member, officer, agent, attorney and employee is, by the execution of this Indenture and as a condition of, and as part of the consideration for, the execution of this Indenture, expressly waived and released.

Section 10.03 Preservation and Inspection of Documents. All documents received by any Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times and upon reasonable prior notice to the inspection of the Issuer, any other Trustee, and any Owner of the Bonds and their agents and their representatives, any of whom may make copies thereof.

Section 10.04 Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Servicer, the Borrower and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation of this Indenture; and all the covenants, stipulations, promises and agreements in this Indenture shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Servicer, the Borrower and the Owners of the Bonds.

Section 10.05 No Recourse on the Bonds. No recourse shall be had for the payment of the principal or redemption price or purchase price of or interest on the Bonds or for any claim based thereon or on this Indenture or any other Issuer Document or the Loan Documents against any member, officer, employee or agent of the Issuer or any person executing the Bonds.

Section 10.06 Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Indenture on the part of the Issuer or any Trustee to be performed
should be contrary to law, then such covenant or covenants or agreement or agreements shall be
deemed severable from the remaining covenants and agreements, and in no way shall affect the
validity of the other provisions of this Indenture.

Section 10.07  **Successors.** Whenever in this Indenture the Issuer is named or referred
to, it shall be deemed to include any entity that may succeed to the principal functions and
powers of the Issuer under the Act, and all the covenants and agreements contained in this
Indenture by or on behalf of the Issuer shall bind and inure to the benefit of said successor
whether so expressed or not.

Section 10.08  **Notices, Demands and Requests.** Except as otherwise provided in Section
4.05, all notices, demands and requests to be given or made under this Indenture to or by the
Issuer or the Trustee shall be in writing and shall be sufficiently given and shall be deemed given
(a) three days after mailing by certified mail, first-class, postage prepaid; (b) the Business Day
after sending by expedited overnight delivery service; (c) the date of receipt if delivered by
personal delivery; (d) if sent by facsimile transmission, the date of transmission, if receipt of
such transmission is telephonically confirmed on such day and addressed to the Notice Address
of the respective addressee.  Either the Issuer or the Trustee may change the Notice Address
listed for it at any time upon written notice of such change sent by United States mail, postage
prepaid, to the other party, which charge shall be effective upon receipt.

Section 10.09  **Applicable Law.** This Indenture shall be governed exclusively by the
applicable laws of the State.

Section 10.10  **Table of Contents and Section Headings Not Controlling.** The Table of
Contents and the headings of the several Articles and Sections of this Indenture have been
prepared for convenience of reference only and shall not control, affect the meaning of, or be
taken as an interpretation of any provision of this Indenture.

Section 10.11  **Exclusion of Bonds.** Bonds owned or held by or for the account of the
Issuer or the Borrower shall not be deemed Outstanding for the purpose of consent or other
action or any calculation of Outstanding Bonds provided for in this Indenture, and the Issuer and
the Borrower shall not be entitled with respect to such Bonds to give any consent or take any
other action provided for herein, unless all of the Outstanding Bonds are then owned by such
Person.

Section 10.12  **Tax Certificate Controls.** 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 Indenture and the Tax
Certificate.

Section 10.13  **Effective Date.** This Indenture shall take effect immediately upon the
execution and delivery by all of the parties hereto.
Section 10.14 **Choice of Law and Venue.** This Indenture and the Bonds are contracts made under the laws of the State of California and shall be governed by and construed in accordance with the Constitution and laws applicable to contracts made and performed in the State of California. This Indenture and the Bonds shall be enforceable in the State of California, and any action arising out of this Indenture or the Bonds shall be filed and maintained in San Diego County, California, unless the Authority waives this requirement.

[Remainder of Page Intentional Left Blank]
IN WITNESS WHEREOF, the Issuer has caused these presents to be executed in its name by its duly authorized official; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officer, as of the date first above written.

CALIFORNIA MUNICIPAL FINANCE
AUTHORITY

By:  

Authorized Signatory

[Signature page to Trust Indenture – Pacific Pointe]

S-1
U.S. BANK NATIONAL ASSOCIATION

By: _____________________________

Authorized Signatory

[Signature page to Trust Indenture – Pacific Pointe]

S-2
EXHIBIT A

FORM OF BOND

SUBJECT TO THE EXCEPTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE (HEREINAFTER DEFINED), THE PURCHASER OF THIS BOND MUST BE AN “APPROVED INSTITUTIONAL BUYER” AS DEFINED IN THE INDENTURE AND PURSUANT TO THE TERMS THEREOF AND WILL BE REQUIRED TO EXECUTE AND DELIVER AN INVESTMENT LETTER AGREEMENT THAT WILL, AMONG OTHER THINGS RESTRICT TRANSFER OF THIS BOND.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(PACIFIC POINTE AT THE SHIPYARD APARTMENTS PROJECT),
SERIES 2014[A-1/A-2]

No. _____________

Dated Date: November 3, 2014

Registered Owner: Bank of America, N.A.

Maturity Date: [Series A-1 Maturity Date/Series A-2 Maturity Date]

Principal: [Series A-1 Par/Series A-2 Par]

Interest Rate: As stated below

California Municipal Finance Authority (hereinafter called the “Issuer”), a joint exercise of powers agency organized and existing under the laws of the State of California, for value received hereby promises to pay (but only from the sources and as hereinafter provided) to the Registered Owner specified above, or registered assigns, the amount set forth above, or so much of such maximum authorized principal amount as may have been purchased by the Owner of this Bond from time to time in accordance with the terms of this Bonds and Section 3.01(b) of the Indenture (described below) on the Maturity Date specified above, upon presentation and surrender of this Bond at the principal office of U.S. Bank National Association or its successor as trustee (the “Trustee”), under the Indenture, and to pay (but only from the sources and as hereinafter provided) interest on said principal amount at the interest rate set forth above, from and including the dated date hereof until the principal amount shall have been paid in accordance with the terms of this Bond and the Indenture, as and when set forth below, but only from the sources and as hereinafter provided, by wire transfer if there be one Owner of all of the Bonds or otherwise by check or draft mailed to the record Owners of Bonds as the same appear upon the books of registry to be maintained by the Trustee, as registrar.

This Bond is one of an authorized series of Bonds of the Issuer designated California Municipal Finance Authority Multifamily Housing Revenue Bonds (Pacific Pointe at the
Shipyard Apartments Project), Series 2014A and issued in the aggregate principal amount of $20,475,000 (collectively, the “Bonds”). The Bonds are issued for the purpose of funding a loan to AMCAL Pacific Pointe Fund, L.P., a California limited partnership (the “Borrower”), in order to finance a portion of the costs of the construction and equipping of a 60-unit multifamily residential housing project in the City and County of San Francisco, California (the “Project”). In conjunction with, and on a parity with, the issuance of this Bond, the Issuer is also issuing its Multifamily Housing Revenue Bonds (Pacific Pointe at the Shipyard Apartments Project), Series 2014[A-1/A-2] to fund the remaining portion of the loan relating to the Project. This Bond is a “Series [A-1/A-2] Bond” (as that term is defined in the Indenture described below).

In conjunction with the issuance of the Bonds, Bank of America, N.A., as lender, has agreed to loan the Borrower $2,500,000 to finance certain costs related to the construction and development of improvements of the Project pursuant to a construction loan agreement and promissory note, secured by a leasehold construction deed of trust with assignment of rents, security agreement and fixture filing and certain other documents, which shall share a first lien pari-passu with the loan relating to the Project.


PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND IS REQUIRED TO BE MADE DIRECTLY TO THE REGISTERED OWNER HEREOF WITHOUT NOTATION HEREON. IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER ALL OR ANY PART OF THE PRINCIPAL OF OR INTEREST ON THIS BOND HAS BEEN PAID.

This Bond is issued under and pursuant to the Trust Indenture dated as of October 1, 2014 between the Issuer and the Trustee (as amended and supplemented from time to time, the “Indenture”), and the Act (as that term is defined in the Indenture). Reference is made to the Indenture and the Act for a full statement of their respective terms. Capitalized terms used herein and not otherwise defined herein have the respective meanings accorded such terms in the
Indenture, which is hereby incorporated herein by reference. The Bonds issued under the
Indenture are expressly limited to $20,475,000 in aggregate principal amount at any time
Outstanding and are all of like tenor, except as to numbers and denominations. Pursuant to a
Loan Agreement (the “Loan Agreement”) and two Promissory Notes (collectively, the
“Notes”), each dated as of October 1, 2014, the Borrower has agreed to make payments to the
Trustee in amounts equal to amounts of principal of and interest on the Bonds.

NONE OF THE ISSUER, ANY ISSUER MEMBER OR ANY PERSON EXECUTING
THE BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY
PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE.
THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM
AND SECURED BY THE TRUST ESTATE. NEITHER THE ISSUER, ITS MEMBERS, 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, ITS
MEMBERS, 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 HAS NO
TAXING POWER.

The Issuer shall not be liable for payment of the principal of, 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 Loan Agreement.

Interest Rates. This Bond shall bear interest at the rate or rates set forth in the Indenture.

Usury. Notwithstanding any provision of this Bond to the contrary, in no event shall the
interest contracted for, charged or received in connection with this Bond (including any other
costs or considerations that constitute interest under the laws of the State which are contracted
for, charged or received pursuant to this Bond) exceed the maximum rate of nonusurious interest
allowed under the laws of the State as presently in effect and to the extent of any increase
allowable by such laws. To the extent permitted by law, interest contracted for, charged or
received on this Bond shall be allocated over the entire term of this Bond, to the end that interest
paid on this Bond does not exceed the maximum amount permitted to be paid thereon by law.
Excess interest, if any, provided for in this Bond, or otherwise, shall be canceled automatically as
of the date of such acceleration or, if theretofore paid, shall be credited as principal paid on this
Bond.

Registration and Transfer. THIS BOND IS SUBJECT TO THE TRANSFER
RESTRICTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE. This Bond is
transferable by the registered owner hereof in person or by his attorney duly authorized in
writing at the office of the Trustee as registrar, but only in the manner, subject to the limitations
and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of any authorized denomination or denominations, of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Bonds are issuable as fully registered Bonds in Authorized Denominations as provided in the Indenture. The Issuer, the Trustee, and any other person may treat the person in whose name this Bond is registered on the books of registry as the Owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and no person shall be affected by notice to the contrary.

Redemption of Bonds. This Bond is subject to optional and mandatory redemption (and purchase in lieu of redemption by the Borrower) prior to maturity as a whole or in part at such time or times, under such circumstances, at such redemption prices and in such manner as is set forth in the Indenture.

Enforcement. Only the Servicer shall have the right to direct the Trustee to enforce the provisions of this Bond or the Indenture or to institute any action to enforce the covenants herein or therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. If an Event of Default occurs and is continuing, the principal of all Bonds then outstanding may be declared due and payable by the Servicer upon the conditions and in the manner and with the effect provided in the Indenture. As provided in the Indenture, and to the extent permitted by law, interest and a penalty rate of interest shall be payable on unpaid amounts due hereon.

Discharge. The Indenture prescribes the manner in which it may be discharged and after which the Bonds shall be deemed to be paid and no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of registration and exchange of Bonds and of such payment.

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

This Bond shall not be valid or obligatory for any purpose until it shall have been signed on behalf of the Issuer and such signature attested, by the officer, and in the manner, provided in the Indenture, and authenticated by a duly authorized officer of the Trustee, as Authenticating Agent.

It is hereby certified and recited that all conditions, acts and things required by the statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed and that the issue of the Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said statutes.

In the event of any inconsistency between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall control.
IN WITNESS WHEREOF, the CALIFORNIA MUNICIPAL FINANCE AUTHORITY has caused this Bond to be duly executed by its Authorized Representative all as of the Dated Date set forth above.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY, as Issuer

By____________________________

Member, Board of Directors
FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture and issued under the provisions of the within mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

By: __________________________________________

Signature

___________________________________________

Printed Name

___________________________________________

Title

Date of Authentication: ________________________
FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto ______ the within and hereby authorizes the transfer of this Bond on the registration books of the Trustee.

Dated: _______________________

______________________________
Authorized Signature

______________________________
Name of Transferee

______________________________
Signature Guaranteed by

______________________________
Name of Bank

By: __________________________

Title: _________________________
**SCHEDULE A**

$\{\text{SERIES A-1 PAR/SERIES A-2 PAR}\}$  
CALIFORNIA MUNICIPAL FINANCE AUTHORITY  
MULTIFAMILY HOUSING REVENUE BONDS  
(PACIFIC POINTE AT THE SHIPYARD APARTMENTS PROJECT),  
SERIES 2014[A-1/A-2]  

**Draw-Down Purchases**

The installment reflected by the draw-down of this Bond may be registered only by the registered owner in person or by its duly authorized officer or attorney upon presentation hereof to the Bond Registrar, who shall make note thereof in the books kept for such purpose and in the registration blank below.

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</table>
Ladies and Gentlemen:

The undersigned (the “Investor”), being the purchaser of the above-referenced bonds (the “Bonds”) hereby acknowledges receipt of $20,475,000 in aggregate principal amount of the above-referenced bonds (the “Bonds”).

The undersigned acknowledges that the Bonds were issued for the purpose of making a mortgage loan to assist in the financing of the construction and equipping of a certain 60-unit multifamily residential rental housing project located in the City and County of San Francisco, California (the “Project”), as more particularly described in that certain Loan Agreement dated as of October 1, 2014 (the “Loan Agreement”), among California Municipal Finance Authority (the “Issuer”), U.S. Bank National Association, as trustee (the “Trustee”), and AMCAL Pacific Pointe Fund, L.P., a California limited partnership (the “Borrower”). The undersigned further acknowledges that the Bonds are secured by a Trust Indenture dated as of October 1, 2014 (the “Indenture”), between the Issuer and the Trustee, which creates a security interest in the trust estate described therein (the “Trust Estate”) for the benefit of the Owners of the Bonds.

In connection with the purchase of the Bonds by the Investor, the Investor does hereby certify, represent and warrant for the benefit of the Issuer and the Trustee that:

1. The Investor is an “Approved Institutional Buyer.”

2. The Investor 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 Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bonds.

3. The Investor 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.
4. The Investor understands that the Bonds have not been registered under the Act or under any state securities laws. The Investor 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.

5. The Investor is familiar with the conditions, financial and otherwise, of the Borrower [and understands that the Borrower has no significant assets other than the Project for payment of the Bonds]. Further, the Investor understands that the Bonds involve a high degree of risk. Specifically, and without in any manner limiting the foregoing, the Investor understands and acknowledges that, among other risks, the Bonds are payable solely from the Trust Estate. The Investor has been provided an opportunity to ask questions of, and the Investor has received answers from, representatives of the Borrower and the Trustee regarding the terms and conditions of the Bonds. The Investor 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 Investor has reviewed the documents executed in conjunction with the issuance of the Bonds, including, without limitation, the Indenture and the Loan Agreement.

6. The Investor 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 Investor. The Investor has entered into no arrangements with the Borrower or with any affiliate in connection with the Bonds, other than as disclosed to the Issuer.

7. The Investor has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds. The undersigned is a duly appointed, qualified, and acting officer of the Investor and is authorized to cause the Investor to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Investor.

8. In entering into this transaction, the Investor has not relied upon any representations or opinions of the Issuer or the Trustee 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 Project (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 Trustee to secure repayment of the Bonds.

9. The Investor 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.
10. The Investor 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.

11. Subject to Section 3.09 of the Indenture, the Investor acknowledges that it has the right to sell and transfer the Bonds, subject to compliance with the transfer restrictions set forth in the Indenture, including the requirement for the delivery to the Issuer and the Trustee of an investor’s letter in the same form as this Investor’s Letter, including this paragraph. Failure to deliver such investor’s letter shall cause the purported transfer to be null and void. The Investor 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 Investor or any transferee thereof in violation of the provisions of the Indenture.

12. Neither the Trustee, Bond Counsel, the Issuer, its members, its governing body, or any of its employees, counsel or agents will have any responsibility to the Investor for the accuracy or completeness of information obtained by the Investor from any source regarding the Borrower or its financial condition or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the Issuer to the Investor with respect to the Bonds. The Investor acknowledges that, as between the Investor and all of such parties, the Investor has assumed responsibility for obtaining such information and making such review as the Investor deemed necessary or desirable in connection with its decision to purchase the Bonds.

Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Indenture.

Very truly yours,

[INVESTOR]

By: __________________________

Signature

___________________________

Printed Name

___________________________

Title
EXHIBIT C

$2,963,800
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(PACIFIC POINTE AT THE SHIPYARD APARTMENTS PROJECT),
Series 2014A-2

REDEMPTION SCHEDULE

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EXHIBIT D

FORM OF REQUISITION

BORROWER: AMCAL Pacific Pointe Fund, L.P.
PROJECT: Pacific Pointe at the Shipyard
REQUISITION NO.: ________
In the Amount of $____________
TO: U.S. Bank National Association (the “Trustee”)
   Global Corporate Trust Services
   One California Street, Suite 1000
   Mail Code: SF-CA-SF10
   San Francisco, CA 94111
   Attention: Myrna Presto-Choroski

Bank of America, N.A. (the “Majority Owner”)
   2001 Clayton Road, 2nd Floor
   Concord, CA 94520-2405
   Attention: Marisela Cassetta

The Borrower hereby requests payments in the following amounts, from the following sources and to be made to the following parties, all as set forth on the Borrower’s Request for Payment attached to this Requisition:

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<tr>
<th>Amount</th>
<th>Source</th>
<th>Payable to:</th>
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<td>[identify name of Account &amp; Fund in Indenture]</td>
<td>[Borrower’s account #]</td>
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<tr>
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<td>[proceeds of subordinate loans]</td>
<td>[third party payment/wire instructions must be attached]</td>
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<td>or Capital Contributions</td>
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Requisition - Contents and Attachments
- [ ] Borrower’s Request for Payment
- [ ] Contractor’s Application and Certification for Payment (AIA Form G-702) including change orders if applicable
- [ ] Lien Waivers
- [ ] Architect’s Certificate (If required by Bondowner Representative)
- [ ] Borrower’s Representations and Warranties

Requisition – Additional Attachments to Requisition delivered to Majority Owner (do not deliver to Trustee)
- [ ] Paid Invoices Supporting Application-(AIA Form G-702), as appropriate
- [ ] Paid Invoices Supporting Borrower’s Request for Payment, as appropriate
The Borrower hereby certifies that the amounts disbursed from the Project Fund are qualified project costs including costs of acquisition, construction, rehabilitation and equipping of the Project and have been properly incurred by the Borrower and pursuant to the Indenture are presently due and payable and that each item thereof is a proper charge against the Project Fund and has not been previously paid therefrom.

“Borrower”:
AMCAL PACIFIC POINTE FUND, L.P.,
a California limited partnership

By: AMCAL Multi-Housing Two LLC
Its: Administrative General Partner

By: _____________________________
Name: Arjun Nagarkatti
Title: President

By: YCD MGP I, LLC, a California limited liability company
Its: Managing General Partner

By: Young Community Developers,
a California nonprofit public benefit corporation
Its: Sole Member and Manager

By: _____________________________
Name: Shamann Walton
Title: President

The foregoing Requisition is approved by Majority Owner.

“Majority Owner”:
Bank of America, N.A.

By: _____________________________
Printed Name: _____________________
Title: _____________________________
Date: _____________________________
Borrower’s Request for Payment

[Bank of America Form]

[attach spreadsheets]
REQUEST FOR PAYMENT
DRAW NO. __________

BORROWER:

PROJECT:

OBLIGOR:

1. This Request for Payment is being delivered pursuant to the Construction Disbursement Agreement dated as of ____________ ("Agreement"), between Borrower and ____________ (the "Initial Majority Owner"). Borrower hereby requests a draw in the total amount of ____________, detailed in paragraph 4 of the draw summary.

This Request for Payment is requested to pay for various expenses incurred in connection with the above Improvements, as summarized on the Draw Summary below and detailed in the invoices submitted herewith. Borrower hereby certifies that the amounts shown below and the accompanying invoices represent costs of designing, developing, constructing and leasing the Improvements which are eligible for reimbursement at this time in accordance with the provision of the Agreement.

2. Borrower acknowledges that any increased costs of construction arising out of change orders, or otherwise, which are not included or provided for in the Initial Cost Breakdown ("budget") as set forth in the Agreement cannot be invoiced on this Request for Payment unless and until such change orders and/or increase in costs have been approved in writing by the Initial Majority Owner in accordance with the Agreement.

3. Borrower hereby requests the following budget reallocations to the budget as set for in the Agreement:

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<th>Amount of Transfer: (from)</th>
<th>Transfer to: (Line Item)</th>
<th>Amount of Transfer: (to)</th>
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Reason for Transfer:

1. ______________________________________________________________________
2. ______________________________________________________________________
3. ______________________________________________________________________
4. ______________________________________________________________________
5. ______________________________________________________________________
6. ______________________________________________________________________
4. Below is the Draw Summary for the current Request for Payment with backup attached:

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<th>Line Item</th>
<th>Vendor</th>
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Sources of Funding:
- Loan Proceeds
- funding source
- funding source
- funding source
- funding source
- funding source

Subtotal: $ 

TOTAL: $ 
Contractor’s Application and Certification for Payment (AIA Form G-702) including change orders if applicable
The following are attached hereto and form a part hereof:
Contractor's APPLICATION AND CERTIFICATE FOR PAYMENT (AIA Document G702), Conditional and Unconditional Lien Waivers and copies of Soft Cost invoices.

Date: ___________________________

APPROVED BY: ___________________________

BORROWER: ___________________________

By: ___________________________

Authorized Signer
Paid Invoices Supporting Application
(AIA Form G-702), as appropriate
Paid Invoices Supporting Borrower’s Request for Payment, as appropriate
Lien Waivers
Architect’s Certificate
(If required by Bondowner Representative)
Application for Payment No.________

TO: U.S. BANK NATIONAL ASSOCIATION ("Trustee")
    BANK OF AMERICA, N.A. ("Majority Owner")

FROM: David Baker + Partners ("Architect")

RE: Construction of 60 residential units located in the Hunters Point Shipyard Master Plan community of San Francisco, CA (the "Project") by AMCAL Pacific Pointe Fund, L.P. ("Borrower").

We are the architect for the Project, and to induce Majority Owner and Servicer to approve advance loans of proceeds by the Trustee to assist in funding construction of the Project, and knowing that Majority Owner and Servicer will rely on this certificate in doing so, we hereby certify as follows:

1. We inspected the Project on _____________, 20__ and found the status of the Project on that date and the progress made on the Project since our last certificate to you dated _____________, 20__ to be as follows:

2. We delivered the Plans and Specifications for the Project, copies of which have been delivered to you (the “Plans and Specifications”). We have made no changes to the Plans and Specifications except as you have approved in writing. There are no pending change orders or construction change directives except as follows:

3. All work to date has been done in accordance with the Plans and Specifications and in a good and workmanlike manner. All materials and fixtures usually furnished and installed or stored on site at the current stage of construction have been furnished, installed or stored on site. All of the work to date is hereby approved except as follows:

4. We have examined the requisition being submitted herewith to you by Borrower, which requisition includes and Application for Payment from Cahill Contractors, Inc. (“Contractor”) respecting construction of the Project. The payment so applied for by Contractor does not exceed (when added to the payments heretofore applied for by and paid to Contractor) 90% of the value of labor and materials incorporated into the Project.

5. We have been advised that as of this date there remains unexpended funds of $___________ which are available to fund construction costs, from which funds to pay the aforementioned Application for Payment will be deducted. In our opinion, such unexpended funds, after deduction of funds sufficient to cover both the current Application for Payment and the applicable retainage heretofore withheld and to become due on account of previous Applications, will be sufficient to pay for all construction costs reasonably required to complete the Project, provided that the amount advanced under the current application is, in fact, applied against obligations incurred for labor and materials heretofore furnished on account of construction of the Project.
6. All permits, licenses, approvals and the like required to complete construction of the Project have been validly issued by the appropriate authorities and are in full force and effect, and there is no violation of any of the provisions thereof or of any legal requirements applicable to the Project of which we have notice or knowledge as of the date hereof except as follows:

7. Access to and egress from the Project and all improvements to be constructed thereon are in accordance with all applicable legal requirements. Water, drainage and sanitary sewerage facilities and telephone, gas and electric services of public utilities are or are due to be installed in the locations indicated on the Plans and Specifications and are adequate to serve the Project. All necessary approvals for installation of or connection to said facilities or services have been obtained.

8. To the best of our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid any laws, ordinances, regulations, permits, licenses or approvals for or relating to the Project.

9. No amendments, modifications or changes have been made to our contract dated __________ , 20__ with the Borrowers except such as have had your prior written approval.

10. Borrower is not in default of any of Borrower’s obligations to us as of the date hereof except as follows:

This certificate is rendered based on our examination of the Project, the Plans and Specifications, the data comprising the Application for Payment and all other matters which we deem relevant. We are to incur no liability under this certificate except for failure to exercise due professional skill and diligence.

Executed as a sealed instrument this ________ day of _______________, 20__. 

[ARCHITECT NAME]

DAVID BAKER + PARTNERS

By: __________________________________________
Name: _______________________________________
Title: _______________________________________

OHSUSA:758402464.8
Borrower’s Representations and Warranties

1. No changes have been made in the Plans and Specifications which require and have not received the prior approval of (i) the Bank under the terms of the Construction Disbursement Agreement dated as of October 1, 2014 (the “Agreement”), (ii) any Governmental Authority having jurisdiction over the Project if such approval is required, or (iii) any other parties from whom such approval is required.

2. Construction of the Improvements has been performed in accordance with the Plans and Specifications.

3. As of the date hereof, the Borrower has executed change orders (increasing/decreasing) the cost of the Improvements by $_______ in the aggregate, has notified the Consulting Engineer of such changes and, to the extent necessary, has received any and all necessary approvals from the Majority Owner.

4. Funding of this Requisition shall be in accordance with the terms and provisions of the (i) Agreement, (ii) the Loan Agreement dated as of October 1, 2014 with respect to the Bonds (the “Loan Agreement”) and (iii) the Trust Indenture dated as of October 1, 2014 with respect to the Bonds (the “Indenture”).

5. All monies requisitioned by the Borrower for construction and disbursed by the Trustee under previously approved requisitions have been paid to the Contractor and, to Borrower’s best knowledge, all subcontractors, vendors and suppliers; all other funds requisitioned by the Borrower and disbursed by the Trustee under previously approved requisitions have been expended for the purpose for which they were requisitioned.

6. All of the information submitted to the Majority Owner and the Trustee in connection with this Requisition is true and accurate as of the date of submission.

7. The representations and warranties set forth in the Loan Documents are true and correct as of the date hereof with the same effect as if made on this date.

8. The Borrower represents and warrants that (i) no Event of Default has occurred and continues and no event has occurred which, with the passage of time or the giving or notice or both, would constitute an Event of Default on the part of the Borrower or the Guarantor under the terms of the Loan Documents, (ii) except as previously disclosed by the Borrower to the Majority Owner, the Borrower has not received notice from or been informed by any Governmental Authority or the Consulting Engineer of any alleged deficiencies in the work performed to date or any deviation of such work from Plans and Specifications or notice of any assertion of a claim that the Improvements are not been constructed in accordance with all applicable Requirements, (iii) with the exception of any Permitted Liens, there are no liens against any portion of the Project or any other asset of the Borrower, and (iv) the Loan Documents are in full force and effect.

9. The Borrower represents and warrants that this Requisition is in the form of requisition required by the Bank.
10. The Borrower represents and warrants that, following payment of the amounts requested under this Requisition, not less than 95% of amounts paid from proceeds of the Bonds have been applied to the payment of Qualified Costs of the Project.

11. Attached hereto are copies of lien waivers from all such subcontractors and materialmen requisitioning payment under this Requisition, the originals of which have been delivered to the Title Insurance Company.

12. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto under the Loan Agreement.

Executed this ____ day of ____, ____.

BORROWER:

AMCAL PACIFIC POINTE FUND, L.P.,
a California limited partnership

By: AMCAL Multi-Housing Two LLC
Its: Administrative General Partner

By: _____________________________
Name: Arjun Nagarkatti
Title: President

By: YCD MGP I, LLC, a California limited liability company
Its: Managing General Partner

By: Young Community Developers,
a California nonprofit public benefit corporation
Its: Sole Member and Manager

By: _____________________________
Name: Shamann Walton
Title: President
RESOLUTION NO. 14-066

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED $20,475,000 TO FINANCE THE CONSTRUCTION, IMPROVEMENT, RENOVATION AND EQUIPPING OF A MULTIFAMILY HOUSING RENTAL DEVELOPMENT FOR AMCAL PACIFIC POINTE FUND, L.P., A CALIFORNIA LIMITED PARTNERSHIP, AND OTHER MATTERS RELATING THERETO.

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the “JPA Act”), a number of California cities, counties and special districts entered into a joint exercise of powers agreement (the “Agreement”) pursuant to which the California Municipal Finance Authority (the “Authority”) was organized; and

WHEREAS, the Authority is authorized by its Agreement to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements for all purposes permitted by the JPA Act and described in the Agreement; and

WHEREAS, pursuant to the provisions of the JPA Act, the cities, counties and special districts that are the contracting parties comprising the membership of the Authority are authorized to jointly exercise any power common to such contracting parties; and

WHEREAS, Chapter 7 of Part 5 of Division 31 of the Health and Safety Code (the “Act”) authorizes the issuance of revenue bonds and the loan of proceeds thereof to qualified borrowers for the purpose of financing the acquisition, construction and/or rehabilitation of multifamily housing rental projects for persons and families of low and very low income residing within the jurisdiction of one or more of the Members of the Authority; and the Authority finds and declares that it is necessary, essential and a public purpose for the Authority to engage in a program (the “Program”) of issuing revenue bonds of the Authority to finance the acquisition, construction and/or rehabilitation of multifamily rental housing, and has determined to borrow money for such purpose by the issuance of revenue bonds as authorized by the Act; and

WHEREAS, the AMCAL Pacific Pointe Fund, L.P., a California Limited Partnership (the “Borrower”), wishes to finance the construction and development of a 60-unit multifamily housing rental development to be located in the City and County of San Francisco, California, commonly known as “Pacific Pointe at the Shipyard Apartments” (the “Project”); and

WHEREAS, the Borrower has requested that the Authority issue and sell the Bonds (hereinafter defined) for the purpose of making a loan to the Borrower to finance the Project; and

WHEREAS, the City and County of San Francisco has by a certificate of the applicable elected representative approved the issuance of the Bonds by the Authority, following notice and
a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986, as amended, and Section 4 of the Agreement; and

WHEREAS, the California Debt Limit Allocation Committee ("CDLAC") adopted a resolution on (i) May 21, 2014 allocating $19,000,000, and (ii) July 16, 2014 allocating $1,475,000, respectively, of the State of California ceiling on private activity bonds (collectively, the "Allocation Amount") to the Authority for the purpose of financing the Project; and

WHEREAS, pursuant to a trust indenture, dated as of September 1, 2014 (or such other date as approved by the Authority) (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (or such other trust company or commercial bank acceptable to the Authority) (the "Trustee"), the Authority will issue the California Municipal Finance Authority Multifamily Housing Revenue Bonds (Pacific Pointe at the Shipyard Apartments Project), Series 2014A-1 (the "Series A-1 Bonds") and California Municipal Finance Authority Multifamily Housing Revenue Bonds (Pacific Pointe at the Shipyard Apartments Project), Series 2014A-2 (the "Series A-2 Bonds" and together with the Series A-1 Bonds, the "Bonds") for the purpose, among others, of financing the Project; and

WHEREAS, pursuant to a loan agreement, dated as of September 1, 2014 (or such other date as approved by the Authority) (the "Loan Agreement"), among the Borrower, the Trustee and the Authority, the Authority will loan the proceeds of the Bonds to the Borrower for the purpose, among others, of financing the Project; and

WHEREAS, the Bonds will be privately placed with Banc of America Public Capital Corp (the "Purchaser"); and

WHEREAS, there have been placed on file with the Authority prior to this meeting the following documents and agreements:

(1) A proposed form of the Indenture;

(2) A proposed form of the Loan Agreement; and

(3) A proposed form of the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") to be entered into between the Authority and the Borrower.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the California Municipal Finance Authority (the "Board"), as follows:

Section 1. The Board hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Pursuant to the JPA Act, the Act and the Indenture (as applicable), the issuance of the Bonds, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed $20,475,000, is hereby authorized; provided that the aggregate principal amount of any tax-exempt Bonds issued shall not exceed the Allocation Amount. Any member of the Board of Directors of the Authority and the
Executive Director of the Authority (each, an “Authorized Signatory”), each acting alone, is hereby authorized and directed to execute the Bonds for and on behalf of the Authority by manual or facsimile signature, in the form or forms set forth in the Indenture, with such changes, deletions or insertions as may be approved by any Authorized Signatory and legal counsel to the Authority (the “Authority Counsel”), such approvals being conclusively evidenced by the execution and delivery thereof, provided that the final maturity date of the Bonds shall not be more than 45 years from the date of execution and delivery thereof. The Bonds, when executed, shall be delivered to or upon the order of the purchaser or purchasers thereof. The Bonds will be payable solely from the revenues pledged therefor in the Indenture.

Section 3. The Indenture, in substantially the form placed on file with the Authority, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes and insertions therein as such Authorized Signatory, with the advice of Authority Counsel, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The dated date, maturity dates or dates, interest rate or rates or methods of determining interest rates, tender, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places 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, in the form placed on file with the Authority, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Loan Agreement in said form, with such changes and insertions therein that Authority Counsel may require and as the Authorized Signatory executing the Loan Agreement, with the advice of Authority Counsel, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The Regulatory Agreement, in substantially the form placed on file with the Authority, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Regulatory Agreement in substantially said form, with such changes and insertions therein as such Authorized Signatory, with the advice of Authority Counsel, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The Bonds, when executed as provided in Section 1, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Authority by any Authorized Signatory, which Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

Section 7. Any Authorized Signatory and any agent of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any tax certificate,
any subordination or intercreditor agreement, any endorsement and/or assignment of the deed of trust, any endorsement, allonge or assignment of any notes, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution; provided that no such documents or certificates shall create any obligation or liability of the Authority other than with respect to the revenues and assets derived from the proceeds of the Bonds or otherwise securing the Bonds under the financing documents described and authorized herein.

Section 8. Any Authorized Signatory, acting alone, is hereby authorized to execute and deliver future amendments to the documents authorized to be executed and delivered pursuant to this Resolution ("Authorized Documents"), without further action of the Authority, for the purpose of (i) adding to the covenants and agreements of the Borrower or of the provider of any credit enhancement or liquidity facility; (ii) assigning or pledging additional security for any of the Bonds, which security shall be provided by the Borrower; (iii) curing any ambiguity, inconsistency or omission or supplementing any defective provisions of the Authorized Documents; (iv) permitting the qualification of the Indenture or any supplemental indenture under the Trust Indenture Act of 1939 or any similar federal statutes hereafter in effect; (v) providing for any additional procedures, covenants or agreements necessary to maintain the tax-exempt status of interest on the Bonds; (vi) modifying or eliminating the book-entry registration system for the Bonds, if any; (vii) providing for the appointment of a co-trustee/bondowner representative or the succession of a new trustee/bondowner representative authorized pursuant to the terms of the Indenture or (viii) modifying the provisions relating to the maturity, the amortization, the redemption, the interest rate or the method of determining the interest rate of the Bonds, and the corresponding provisions of the indenture, trust agreement, loan agreement, lease, installment sale agreement or other financing agreements; provided such amendments (1) are made pursuant to a written request of the Borrower (and, in the case of an amendment described in clause (viii), above, a written request of the owners of 100% of the principal amount of Bonds then outstanding), (2) are made pursuant to the terms of such documents, (3) are consistent with such documents, (4) do not require the consent of the holders of the Bonds which consent has not already been obtained, (5) in the case of an amendment described in clause (viii), above, will not result in a reissuance of the Bonds for federal income tax purposes, as evidenced by a letter from qualified bond counsel to the Authority, and (6) do not provide for any additional duties or costs with respect to the Authority for which the Borrower does not agree in advance to reimburse or indemnify the Authority therefor.

Section 9. All actions heretofore taken by any Authorized Signatory and other appropriate officers and agents of the Authority with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

Section 10. This Resolution shall take effect from and after its adoption.

*****

[Authorizing Resolution – Pacific Pointe at the Shipyard] 4
PASSED AND ADOPTED by the California Municipal Finance Authority this 29th day of August, 2014 by the following vote:

AYES: Moreno, Watanabe, Connors, Adams, McCarthy
NOES: None
ABSTAIN: None
ABSENT: None
I, the undersigned, an authorized official of the California Municipal Finance Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of said Authority at a duly called meeting of the Board of said Authority held in accordance with law on August 29, 2014.

By: [Signature]

Authorized Signatory
CALIFORNIA MUNICIPAL FINANCE AUTHORITY,

U.S. BANK NATIONAL ASSOCIATION, as Trustee

and

AMCAL PACIFIC POINTE FUND, L.P.


LOAN AGREEMENT

Dated as of October 1, 2014

Relating to

$17,511,200

California Municipal Finance Authority
Multifamily Housing Revenue Bonds
(Pacific Pointe at the Shipyard Apartments Project),
Series 2014A-1

and

$2,963,800
California Municipal Finance Authority
Multifamily Housing Revenue Bonds
(Pacific Pointe at the Shipyard Apartments Project),
Series 2014A-2

The interest of the California Municipal Finance Authority (the “Issuer”) in this Loan Agreement has been assigned (except for certain “Reserved Rights” as defined in this Loan Agreement) pursuant to the Trust Indenture dated as of the date hereof from the Issuer to U.S. Bank National Association, as trustee (the “Trustee”), and is subject to the security interest of the Trustee thereunder.
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LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of October 1, 2014 (together with all supplements, modifications and amendments thereto, this “Loan Agreement”), among CALIFORNIA MUNICIPAL FINANCE AUTHORITY, a joint exercise of powers agency organized and existing under the laws of the State of California (together with its successors and assigns, the “Issuer”), U.S. BANK NATIONAL ASSOCIATION, a national banking association, as trustee under the herein defined Indenture (together with any successor trustee hereunder and their respective successors and assigns, the “Trustee”), and AMCAL PACIFIC POINTE FUND, L.P., a California limited partnership (together with its successors and assigns, the “Borrower”).

WITNESSETH:

WHEREAS, the Issuer is authorized under the laws of the State of California (the “State”) to finance multifamily rental housing by issuing its revenue bonds; and

WHEREAS, the Issuer has determined to issue its California Municipal Finance Authority Multifamily Housing Revenue Bonds (Pacific Pointe at the Shipyard Apartments Project), Series 2014A-1 in the aggregate principal amount of $17,511,200 (the “Construction Tax-Exempt Bonds”) and its California Municipal Finance Authority Multifamily Housing Revenue Bonds (Pacific Pointe at the Shipyard Apartments Project), Series 2014A-2 in the aggregate principal amount of $2,963,800 (the “Permanent Tax-Exempt Bonds;” the Construction Tax-Exempt Bonds and the Permanent Tax-Exempt Bonds are collectively referred to in this Loan Agreement as the “Bonds”), pursuant to the Trust Indenture dated as of (the “Indenture”), executed by the Issuer and the Trustee for the purpose of providing funding necessary for the acquisition, construction and equipping by the Borrower of a 60-unit multifamily rental housing project in San Francisco, California known as the Pacific Pointe at the Shipyard Apartments Project (the “Project”); and

WHEREAS, pursuant to this Loan Agreement, the Issuer has agreed to issue the Bonds and to use proceeds of the Bonds to fund a loan to the Borrower (the “Loan”), and the Borrower has agreed to (i) apply the proceeds of the Loan to pay a portion of the costs of acquisition, construction and equipping of the Project, (ii) make payments sufficient to pay the principal of, premium, if any, and interest on the Bonds when due (whether at maturity, by redemption, acceleration or otherwise), and (iii) observe the other covenants and agreements and make the other payments set forth herein; and

WHEREAS, the Borrower has delivered to the Trustee, on behalf of the Issuer, its promissory note dated as of even date herewith in an original principal amount equal to the aggregate original principal amount of the Construction Tax-Exempt Bonds in substantially the form set forth on Exhibit B-1 hereto (the “Construction Note”) and its promissory note dated as of even date herewith in an original principal amount equal to the aggregate original principal amount of the Permanent Tax-Exempt Bonds, in substantially the form set forth on Exhibit B-2 hereto (the “Permanent Note”). The Construction Note and the Permanent Note (as the same may be amended, modified or supplemented from time to time, are collectively referred to in this Loan Agreement as the “Notes”), evidencing its obligation to repay the Loan; and
WHEREAS, to secure its obligations under this Loan Agreement and the Notes, the Borrower has executed, among other things, (i) a Leasehold Construction Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (as amended, modified or supplemented from time to time, the “Mortgage”), (ii) an Assignment of Contracts, Plans and Specifications (as the same may be amended, modified or supplemented from time to time, the “Assignment of Project Documents”) and (iii) a Security Agreement (Assignment of Partnership Interest and Capital Obligations (as amended, modified or supplemented from time to time, the “Partnership Assignment”) each dated as of even date with this Loan Agreement, for the benefit of the Issuer as secured party;

WHEREAS, concurrently with the issuance of the Bonds, Bank of America, N.A., as lender (the “Bank”), has agreed to loan the Borrower $2,500,000 to finance certain costs related to the construction and development of improvements of the Project (the “Taxable Tail Loan”) pursuant to a construction loan agreement and promissory note, secured by a leasehold construction deed of trust with assignment of rents, security agreement and fixture filing and certain other documents (collectively, the “Taxable Tail Loan Documents”), which shall share a first lien pari-passu with the Loan;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. The following capitalized terms shall have the meanings specified in this Article unless the context requires otherwise. All other capitalized terms used herein which are defined in the Indenture and not defined herein shall have the respective meanings ascribed thereto in the Indenture unless otherwise expressly provided or unless the context otherwise requires. The singular shall include the plural and the masculine shall include the feminine and neuter shall include the masculine or feminine.

“Accountant” means Cohn Reznick LLP, Novogradac & Company LLP, or such other independent certified public accountant or firm of independent certified public accountants, selected by the Borrower and approved by the Servicer, such approval not to be unreasonably withheld or delayed.

“Appraisal” means an appraisal of the market value of the Project performed by a qualified independent appraiser approved by the Servicer.

“Approved Budget” means the Proposed Budget approved by the Servicer.

“Architect” means David Baker + Partners.

“Architect’s Contract” means the Agreement Between Client and Consultant, dated October 12, 2012, between the Borrower and the Architect, providing for the design of the
Improvements and the supervision of the construction and equipping thereof, including ongoing monthly inspection of the Improvements, certification of Requisitions and certification of Completion, among other things.


“Capital Expenditures” means capital expenditures determined in accordance with generally accepted accounting principles relating to the repair, renovation or replacement of the Project.

“Certificate of Occupancy” means the requisite building permit(s) for the Project permitting 100% occupancy of the units in the Project.

“Change Order” means a change made to the Plans and Specifications, as evidenced by a written change order request in accordance with the terms of the Construction Contract.

“Completion Deadline” means September 1, 2016.

“Construction Contract” means the contract, dated October 1, 2014 between the Borrower and the Contractor, providing for the construction and equipping of the Improvements and certification of Requisitions, among other things.

“Consulting Engineer” has the meaning set forth for that term in the Construction Disbursement Agreement.

“Contractor” means Cahill Contractors, Inc..

“Control,” “Controlled” and “Controlling” means, with respect to any Person, either (i) ownership directly or indirectly 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.

“Default” or “Event of Default” means, when referring to (i) the Indenture, an event or condition specified or defined as such by Article VI of the Indenture and (ii) this Loan Agreement, an event or condition specified or defined as such by Section 7.1 hereof.

“Development Budget” means the budget for total estimated Project Costs and sources of payment attached to the Construction Disbursement Agreement, as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and the Construction Disbursement Agreement.

“Direct Costs” means the costs of the Land, the Improvements, the Personal Property, and all labor, materials, fixtures, machinery and equipment required to construct and equip the Improvements in accordance with the Plans and Specifications.

“Financing Statements” means Uniform Commercial Code Form 1 Financing Statement(s) from the Borrower and the General Partner in favor of the Trustee.
“General Partner” means, individually and collectively, (i) AMCAL Multi-Housing Two LLC, a California limited liability company, and (ii) YCD MGP I, LLC, a California limited liability company, together with any permitted successors and assigns as general partner of Borrower.

“General Partner Documents” means the Partnership Assignment and the Environmental Indemnity.

“Generally Accepted Accounting Principles” means the principles that are (i) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, as in effect from time to time, and (ii) consistently applied with past financial statements of the Borrower adopting the same principles; provided that a certified public accountant would, insofar as the use of such accounting principles is pertinent, be in a position to deliver an unqualified opinion (other than a qualification regarding changes in Generally Accepted Accounting Principles) as to financial statements in which such principles have been properly applied.

“Governmental Authority” means the United States, the State in which the Land is located and any political subdivision, agency, department, commission, board, bureau, authority or instrumentality of either of them, including any local authorities, or any other entity exercising executive, legislative, judicial, regulatory or administrative junctions of government, which has jurisdiction over the Land or the construction, equipping and operation of the Project thereon.

“Guarantor Documents” means the Environmental Indemnity, the Payment Guaranty and the Completion Agreement.

“Hazardous Substances” has the meaning set forth for that term in the Environmental Indemnity.

“Improvements” means the 60-unit multifamily rental housing project with related site improvements and amenities located on the Land and constructed, equipped and furnished in accordance with the Plans and Specifications.

“Indebtedness” means all obligations, contingent and otherwise, that in accordance with Generally Accepted Accounting Principles should be classified upon the Obligor’s balance sheet as liabilities, or to which reference should be made by footnotes thereto, including in any event and whether or not so classified: (a) all debt and similar monetary obligations, whether direct or indirect; (b) all liabilities secured by any deed to secure debt, mortgage, deed of trust, pledge, security interest, lien, charge or other encumbrance existing on property owned or acquired subject thereto, whether or not the liability secured thereby shall have been assumed; (c) all liabilities under capitalized leases; and (d) all guaranties, endorsements and other contingent obligations whether direct or indirect in respect of indebtedness of others, including the obligations to reimburse the issuer of any letter of credit for amounts drawn on such letter of credit.

“Indirect Costs” means all title insurance premiums, survey charges, engineering fees, architectural fees, real estate taxes, appraisal costs, premiums for insurance, marketing, advertising and leasing costs, brokerage commissions, legal fees, accounting fees, overhead and
administrative costs, and all other expenses as shown on the Development Budget which are expenditures relating to the Project and are not Direct Costs.

“Initial Notification of Taxability” means the receipt by the Trustee or the Owner of a communication from the Internal Revenue Service or any court of competent jurisdiction to the effect that interest on the Bonds is not excluded, or will not in the future be excluded, from the gross income of the owners of the Bonds for federal income tax purposes other than as a result of the owners being deemed a substantial user of the Bonds.

“Investor Limited Partner” means Bank of America, N.A., a national banking association, together with its permitted successors and assigns as limited partner in Borrower.

“Issuer Annual Fee” has the meaning set forth for that term in the Regulatory Agreement.

“Issuer’s Issuance Fee” means an issuance fee in the amount of $37,737.50 payable on the Closing Date.

“Land” means the real property described in Exhibit A attached hereto.

“Lien” means any interest in the Project or any part thereof or any right therein, including without limitation any rents, issues, profits, proceeds and revenues therefrom, securing an obligation owed to, or a claim by, any Person, whether such interest is based on the common law, statute or contract, and including but not limited to the lien and security interest arising from a deed to secure debt, mortgage, deed of trust, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” shall also include any and all reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project or any part thereof or any interest therein.

“Loan Fee” means the amount of $129,694.

“Management Agreement” means the Property Management Agreement dated as of March 19, 2014, between the Borrower and the Manager, and any substitute agreement relating to the management of the Project.

“Manager” means FPI Management, Inc., or any successor manager of the Project approved by the Servicer and the Issuer (which approval of the Issuer shall not be unreasonably withheld and shall be deemed granted if not rejected within ten (10) days of receipt of written request therefor).

“Net Operating Income” means, for any period, (A) the lesser of (i) actual Project Revenues for such period or (ii) Project Revenues as projected in the Appraisal dated July 14, 2014 for such period adjusted for any allowable rent increases implemented at the Project, adjusted to reflect a five percent (5.0%) vacancy rate less (B) the greater of (i) Operating Expenses for such period or (ii) the allocable portion of Projected Operating Expenses.

“Obligor(s)” means the Borrower, the General Partner, and each Guarantor.
“Operating Expenses” means, for any period, the aggregate amount of expenses incurred by the Borrower in connection with the Project pursuant to arm’s length transactions for ordinary and necessary expenses sufficient to provide the amenities and services associated with a multi-family residential facility as follows: labor costs; general maintenance; legal and accounting fees relating solely to the operation of the Project (and not partnership administration, other than audit and other expenses incurred by the Borrower relating solely to the operation of the Project); general and administrative costs of the Borrower directly attributable to the Project (and not partnership administration) and advertising and marketing costs; supplies for the Project; non-capital repairs and replacements; leasing and brokerage commissions; management fees payable pursuant to the management agreement up to an amount equal to 5.0% of Project Revenues; costs of licenses, permits and similar fees relating to property operations; premiums for insurance required pursuant to the Loan Agreement; charges for electricity and other utilities; real estate taxes, water and sewer rents and assessments; payments made into the Replacement Reserve Fund, the Operating Reserve Fund and the Tax and Insurance Fund; and all other expenses incurred in connection with the ordinary course of property operations and maintenance. The foregoing expenses and fees paid to Affiliates of the Borrower, with the Servicer’s consent, shall be included as Operating Expenses in an amount equal to the actual fees and expenses paid or payable to such Affiliate, but in no event greater than amount that customarily would be paid to an unaffiliated third party on an arm’s-length basis for such services. Without limiting the generality of those items which shall be excluded from the definition of Operating Expenses, the following shall be specifically excluded from such calculation: depreciation, amortization and other non-cash items; all partnership administrative expenses (including, without limitation, legal, accounting, and other professional expenses); prepaid expenses which are not customarily prepaid in the ordinary course of business; any termination or similar fee in connection with financing for the Project; expenditures funded by disbursements from the Replacement Reserve Fund and the Tax and Insurance Fund; scheduled debt service and scheduled principal payments on Indebtedness related to the Project; penalties, late fees and similar charges arising from or on account of the Borrower’s failure to pay any monetary obligations; any costs, expenses or fees, including interest, payable by the Borrower on advances made by the Servicer, the Issuer or the Trustee after an Event of Default, and franchise and income taxes of the Borrower.

“Organizational Documents” means for any corporation, partnership, trust, limited liability company, limited liability partnership, unincorporated association, business or other legal entity, the documents pursuant to which such entity has been established or organized, as such documents may be amended from time to time in accordance with the terms of this Loan Agreement.

“Partnership Agreement” means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of October 1, 2014, among the General Partner, the Special Limited Partner and the Investor Limited Partner, as the same may be amended, modified or supplemented from time to time, subject to the terms hereof.

“Partnership Documents” means, collectively, the Partnership Agreement, and any other documents that govern the formation, organization, management and funding of Borrower’s partnership.
“Permanent Fixed Rate Bond Amount” equals $2,963,800.

“Permitted Encumbrances” has the meaning set forth for that term in the Mortgage.

“Personal Property” means all materials, furnishings, fixtures, furniture, machinery, equipment and all items of tangible or intangible personal property now or hereafter owned or acquired by the Borrower in which the Issuer has been or will be granted an interest to secure the obligations of the Borrower under the Loan Documents.

“Plans and Specifications” means the plans and specifications for the Project prepared by the Architect and more particularly described in the Construction Disbursement Agreement, as the same may be amended, modified or supplemented in accordance with the terms hereof and the Construction Disbursement Agreement.

“Project Approvals” means all approvals, consents, waivers, orders, agreements, authorization, permits and licenses required under applicable Legal Requirements or under the terms of any restriction, covenant or easement affecting the Project, or otherwise necessary or desirable for the ownership, acquisition, construction and equipping, use and operation of the Project and the Improvements, whether obtained from a Governmental Authority or any other Person.

“Project Costs” means the sum of all Direct Costs and Indirect Costs that will be incurred by the Borrower in connection with the acquisition of the Land and the Improvements, the construction and equipping of the Improvements, the marketing and leasing of leasable space in the Improvements, and the operation and carrying of the Project through Stabilization.

“Project Revenues” means, for any period, the revenues actually collected during such period (a) generated from all tenants and others occupying or having a right to occupy or use the Project or any portion thereof, adjusted to reflect rental concessions over the term of any applicable lease, and (b) from the use and occupancy of any amenities and services of the Project, including vending machine income, net cable TV revenues, laundry service and parking income, but exclusive of (i) capital contributions, (ii) net proceeds from the sale or refinancing of the Project, (iii) net proceeds of insurance (other than proceeds of loss of rent insurance to the extent paid for apartment units occupied at the time of the loss), and net condemnation awards, (iv) security deposits and prepaid rents to the extent not permitted to be released to the Borrower pursuant to the terms of leases, and (v) interest earnings.

“Projected Operating Expenses” means $304,323 per annum (increased on an annual basis beginning one (1) year after Stabilization, by 3%), plus actual costs of utilities, insurance and Impositions (provided Impositions constituting real property taxes are based on the full assessed value of the Project following completion of construction and equipping of the Improvements as contemplated by this Loan Agreement and provided further that if the actual amount of real property taxes reflects a full or partial abatement or exemption, such abatement or exemption shall have been approved by Servicer), plus all required deposits into the Replacement Reserve Fund and Operating Reserve Fund.

“Property” has the meaning set forth for that term in the Mortgage.
“Proposed Budget” means the proposed capital and operating budget for the Project, submitted to the Servicer for approval.

“Related Person” means a “related person” as defined in Section 147(a) of the Code.

“Required Equity Funds” means contributions by Investor Limited Partner to the capital of the Borrower, for application to Project Costs in accordance with the Approved Budget, to be contributed and so applied in installments at times and in amounts approved by the Servicer, in the aggregate amount of $16,291,206.

“Reserved Rights” means, the rights of the Issuer hereunder pursuant to Sections 2.3(a), 2.3(b), 2.3(c), 2.3(d), 2.3(e), 2.3(f), 2.3(i), 2.3(j), 2.3(l), 3.2(b), 3.2(d), 3.2(f), 5.3, 5.6, 5.8, 5.13, 5.14, 5.18, 5.19, 5.21(b), 6.3(a)(ii), 7.4 and 7.8 hereof, which are retained and not assigned to the Trustee pursuant to the Indenture.

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

“Special Limited Partner” means Bank of America, N.A., a national banking association, together with its permitted successors and assigns.

“Stabilization” has the meaning set forth for that term in the Construction Disbursement Agreement.

“Stabilization Deadline” has the meaning set forth for that term in the Construction Disbursement Agreement.

“Subordinate Loan” means that certain loan from HPS Development Co. LP to Borrower in the amount of $4,100,000, which Subordinate Loan has been assigned to, and assumed by, the Agency.

“Survey” means an instrument survey of the Land and the Improvements prepared in accordance with the Servicer’s survey requirements, such survey to be reasonably satisfactory to the Servicer in form and substance.

“Tax Credits” means the federal low income housing credits available with respect to the Project.

“Title Insurance Company” means Chicago Title Insurance Company.

“Title Policy” means an ALTA standard form title insurance policy issued by the Title Insurance Company for the benefit of the Trustee and, its successors and assigns, as their interests may appear (with such reinsurance or co-insurance as the Servicer may require, any such reinsurance to be with direct access endorsements) insuring the priority of the Mortgage and that the Borrower holds marketable fee simple title to the Project, subject only to Permitted
Encumbrances and such exceptions as the Servicer may approve, and containing such endorsements and affirmative insurance as the Servicer in its discretion may require.

“Unit Reserve Amount” means during the first twelve months following the earlier to occur of Stabilization or November 1, 2016, an amount equal to $300 times the number of apartment units at the Project, which amount shall be increased (i) as of the first day of the first full month of each succeeding twelve month period by the amount by which the cost of living (as reflected in the Consumer Price Index for the metropolitan area in which the Project is located, or any successor or substitute index) as of the last calendar month of the immediately preceding twelve month period exceeded such cost of living as of the last calendar month of the prior twelve month period and (ii) not more frequently than once every five years upon the written direction of the Servicer by an amount reasonably determined by the Servicer, based on a physical needs assessment in respect of the Project, as necessary to meet the upcoming capital needs of the Project.

Section 1.2 Construction. In this Loan Agreement, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Loan Agreement.

(b) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms refer to this Indenture, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of adoption of this Loan Agreement.

(c) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) References in this Indenture to particular sections of the Code, the Act or any other legislation shall be deemed to refer also to any successor sections thereto or other redesignation for codification purposes.

ARTICLE II

REPRESENTATIONS AND COVENANTS

Section 2.1 Representations by the Issuer. The Issuer makes the following representations as of the date of the execution and delivery of this Loan Agreement as the basis for the undertakings on its part herein contained:

(a) The Issuer is a joint exercise of powers agency, duly organized, validly existing and in good standing under the Act and the laws of the State.

(b) The Issuer has the power and lawful authority to adopt the Resolution, to execute and deliver the Issuer Documents, to issue the Bonds and receive the proceeds of the Bonds, to apply the proceeds of the Bonds to make the Loan, to assign the revenues derived and to be derived by the Issuer from the Loan to the Trustee and to perform and observe the
provisions of to enter into the transactions the Issuer Documents and the Bonds on its part to be performed and observed.

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

(d) The Issuer Documents and the Bonds have been duly executed and delivered by the Issuer and constitute the legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors’ rights, and except to the extent that availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought.

(e) Neither of the Issuer nor any director, member, officer or employee of the Issuer has any interest, financial, employment or other, in the Borrower, the Project or the transactions contemplated hereby.

(f) To the knowledge of the Issuer as due and diligent inquiry, there is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of the Issuer, threatened against the Issuer by or before any court, governmental agency or public board or body, which (i) affects or questions the existence or the territorial jurisdiction of the Issuer or the title to office of any member of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any of the Issuer Documents, or the issuance, execution or delivery of the Bonds; (iii) affects or questions the validity or enforceability of any of the Issuer Documents or the Bonds; (iv) questions the exclusion from gross income for federal income taxation of interest on the Bonds; or (v) questions the power or authority of the Issuer to perform its obligations under any of the Issuer Documents or the Bonds or to carry out the transactions contemplated by any of the Issuer Documents or the Bonds.

(g) The Issuer makes no representation or warranty, express or implied, that the proceeds of the Bonds will be sufficient to finance the acquisition, construction and equipping of the Project or that the Project will be adequate or sufficient for the Borrower’s intended purposes.

Section 2.2 Representations by the Borrower. The Borrower makes the following representations and warranties, and covenants and agrees as follows, as of and from the date of the execution and delivery of this Loan Agreement as the basis for the undertakings on its part herein contained:

(a) The Borrower is, and at all times will be, a limited partnership duly organized, validly existing and in good standing under the laws of the State. Each General Partner is, and at all times will be, a limited liability company, duly organized, validly existing and in good standing under the laws of the State. Each of the Borrower and the General Partner has, and will at all times have, all requisite power to own its property and conduct its business as now conducted and as presently contemplated, to execute and deliver the Loan Documents and
the General Partner Documents and to perform its duties and obligations hereunder and thereunder.

(b) The execution, delivery and performance of this Loan Agreement and the other Loan Documents and the transactions contemplated hereby and thereby (i) are within the authority of the Borrower, (ii) have been duly authorized by all necessary proceedings on the part of the Borrower, (iii) do not conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which the Borrower is subject or any judgment, order, writ, injunction, license or permit applicable to the Borrower, (iv) do not conflict with any provision of the Organizational Documents of the Borrower, and (v) do not require the approval or consent of, or filing with, any governmental agency or authority other than those already obtained and the filing of certain of the Loan Documents in the appropriate public records on behalf of Borrower or the General Partners.

(c) The execution and delivery of this Loan Agreement and the other Loan Documents will result in valid and legally binding obligations of the Borrower enforceable against it in accordance with the respective terms and provisions hereof and thereof, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors’ rights, and except to the extent that availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought. The Borrower has executed and delivered the Loan Documents.

(d) The Borrower will at all times be a Single Purpose Entity.

(e) The address of the Borrower’s chief executive office and principal place of business is 30141 Agoura Road, Suite 100, Agoura Hills, CA 91301. The organizational identification number for the Borrower is 201404200008. The federal employer identification number for the Borrower is 61-1731647.

(f) On the Closing Date, the Borrower will acquire and hold a leasehold interest to the Land and the Improvements, in each case subject only to the Permitted Encumbrances. The Borrower possesses, and will at all times possess, all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted or as it is intended to be conducted with respect to the Project, without known conflict with any rights of others.

(g) The Borrower is not subject to any charter, partnership or other legal restriction, or any judgment, decree, order, rule or regulation that has or is expected in the future to have a materially adverse effect on the business assets or financial condition of the Borrower. The Borrower is not, and will not be, a party to any contract or agreement that has or is expected, in the judgment of the Borrower’s partners, to have any materially adverse effect on the business or financial condition of the Borrower.

(h) The Borrower is not and will not at any time be, in violation of any provision of its Organizational Documents or any agreement or instrument to which it may be subject or by which it or any of its properties may be bound or any decree, order, judgment,
statute, license, rule or regulation, in any of the foregoing cases in a manner that could result in
the imposition of substantial penalties or adversely affect the financial condition, properties or
business of the Borrower.

(i) The Borrower and each Obligor (i) has made or filed, and will make or file
in a timely fashion, all federal and state income and all other tax returns, reports and declarations
required by any jurisdiction to which it is subject, (ii) has paid, and will pay prior to delinquency,
all taxes and other governmental assessments and charges shown or determined to be due on
such returns, reports and declarations, except those being contested in good faith and by
appropriate proceedings, (iii) if a partnership, limited liability partnership or limited liability
company, except with respect to YCD MGP I, LLC, has, and will maintain, partnership tax
classification under the Code, and (iv) has set aside, and will at all times set aside, on its books
provisions reasonably adequate for the payment of all taxes for periods subsequent to the period
to which such returns, reports or declarations apply. There are no unpaid taxes in any material
amount claimed to be due by the taxing authority of any jurisdiction, and the partners, officers,
members or trustees of the Borrower know of no basis for any such claim. The Borrower has
filed, and will continue to file, all of such tax returns, reports, and declarations either (x)
separately from any Affiliate or (y) if part of a consolidated filing, as a separate member of any
such consolidated group.

(j) The Project is located wholly within the State and within the jurisdiction
of the Issuer.

(k) To the best of Borrower’s knowledge and due and diligent inquiry, none
of the Issuer, the Trustee or any director, member, officer or employee of the Issuer or the
Trustee has any interest, financial, employment or other, in the Borrower, the Project or the
transactions contemplated hereby.

(l) There is no Event of Default on the part of the Borrower or any Obligor
under this Loan Agreement or any other Loan Document, any General Partner Document, any
Guarantor Document or any Organizational Document, and no event has occurred and is
continuing which after notice or passage of time or both would give rise to a default under any
thereof. The Borrower has received no notices of and has no knowledge of any violations of any
Legal Requirements or Project Approvals.

(m) The certifications, representations, warranties, statements, information and
descriptions contained in the Loan Documents and in the Borrower’s Tax Certificate, as of the
date of the first authentication and delivery of the Bonds, are and will be true, correct and
complete in all material respects, do not and will not contain any untrue statement or misleading
statement of a material fact, and do not and will not omit to state a material fact required to be
stated therein or necessary to make the certifications, representations, warranties, statements,
information and descriptions contained therein, in light of the circumstances under which they
were made, not misleading. The estimates and the assumptions contained in the Loan Documents
and in the Borrower’s Tax Certificate, as of the date of the first authentication and delivery of the
Bonds, are reasonable and based on the best information available to the Borrower. Each of the
certifications, representations, warranties, statements, information and descriptions contained in
the Borrower’s Tax Certificate is hereby incorporated into this Loan Agreement by reference, as if fully set forth herein.

(n) The Borrower has furnished to the Issuer in the Borrower’s Tax Certificate all information necessary for the Issuer to file an IRS Form 8038 with respect to the Bonds, and all of such information is and will be on the date of filing, true, complete and correct.

(o) The Borrower is not contemplating either the filing of a petition by it or by the General Partner under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property, and the Borrower has no knowledge of any Person contemplating the filing of any such petition against it or any Obligor.

(p) The Borrower is not an “employee benefit plan,” as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of the Borrower constitutes or will constitute “plan assets” of one or more such plans within the meaning of 29 C.F.R. section 2510.3-101.

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

(r) The Borrower is not (i) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; (ii) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (iii) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

(s) The Borrower has not entered into the Loan or any Loan Document with the actual intent to hinder, delay, or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations under the Loan Documents. Giving effect to the transactions contemplated by the Loan Documents, the fair saleable value of the Borrower’s assets exceeds and will, immediately following the execution and delivery of the Loan Documents, exceed the Borrower’s total liabilities, including subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower’s assets is and will, immediately following the execution and delivery of the Loan Documents, be greater than the Borrower’s probable liabilities, including maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. The Borrower’s assets do not and, immediately following the execution and delivery of the Loan Documents, will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. The Borrower does not intend to, and does not believe it will, incur debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).
(t) To the best of Borrower’s knowledge after due and diligent inquiry, all information regarding the Borrower, the Project and any Obligor delivered to the Issuer, the Trustee and the Bank is true and correct in all material respects and all such financial information fairly presents the financial condition and results of operations of the Borrower and the other Obligors for the periods to which such financial information relates, and discloses all liabilities and contingent liabilities of the Borrower or the other Obligors.

(u) There are no actions, suits, proceedings or investigations of any kind pending or threatened against the Borrower or the General Partner before any court, tribunal or administrative agency or board or any mediator or arbitrator that, if adversely determined, might, either in any case or in the aggregate, adversely affect the business, assets or financial condition of the Borrower, or the General Partner, or result in any liability not adequately covered by insurance, or for which adequate reserves are not maintained on the balance sheet of the Borrower, or the General Partner, or which question the validity of this Loan Agreement or any of the other Loan Documents or any of the General Partner Documents, any action taken or to be taken pursuant hereto or thereto, or any lien or security interest created or intended to be created pursuant hereto or thereto, or which will adversely affect the ability of the Borrower or the General Partner to construct, equip, use and occupy the Project or to pay and perform its obligations hereunder in the manner contemplated by this Loan Agreement, any of the other Loan Documents or any of the General Partner Documents.

(v) All utility services necessary and sufficient for the construction, equipping and operation of the Project shall be, upon Completion of the Project, and thereafter will at all times be, available through dedicated public rights of way or through perpetual private easements with respect to the Borrower’s interest in which the Mortgage creates a valid and enforceable first priority mortgage lien. The Borrower has obtained, or promptly will obtain, all utility installations and connections required for the operation and servicing of the Project for its intended purposes.

(w) The rights of way for all roads necessary for the full utilization of the Project for its intended purposes have either been acquired by the appropriate Governmental Authority or have been dedicated to public use and accepted by such Governmental Authority. In addition, Borrower has been granted certain temporary nonexclusive easements over roads which have been dedicated to public use but not yet accepted by such Governmental Authority as publicly dedicated roads. All such roads shall have been completed or shall be completed as of the Completion Deadline, and the right to use all such roads, or suitable substitute rights of way approved by the initial Servicer, shall be maintained at all times for the Project. All curb cuts, driveways and traffic signals shown on the Plans and Specifications are existing or have been fully approved by the appropriate Governmental Authority and after the completion thereof, shall be maintained at all times for the Project.

(x) The acquisition, construction, equipping, use and occupancy of the Project will at times comply with all Legal Requirements. The Borrower will give all notices to, and take all other actions with respect to, such Governmental Authorities as may be required under applicable Legal Requirements to construct and equip the Improvements and to use, occupy and operate the Project.
(y) The Borrower has obtained the following Project Approvals required for the acquisition, construction and equipping of the Project in accordance with the Plans and Specifications: the site and shoring permits. The status of remaining Project Approvals is set forth in Exhibit C hereto. All Project Approvals obtained by the Borrower have been validly issued and are in full force and effect. The Borrower has no reason to believe that any of the Project Approvals required for acquisition, construction and equipping of the Project in accordance with the Plans and Specifications and not heretofore obtained by the Borrower will not be obtained by the Borrower in the ordinary course in order to permit completion of construction and equipping of the Project in accordance with the Plans and Specifications on or before the Completion Deadline. The Borrower will timely obtain all Project Approvals not heretofore obtained by the Borrower (including those listed and described on Exhibit C hereto, those required for use and occupancy of the Project for its intended purpose upon Completion and any other Project Approvals which may hereafter become required, necessary or desirable) and will furnish the Servicer with evidence that the Borrower has obtained such Project Approvals promptly upon their receipt. The Borrower will duly perform and comply with all of the terms and conditions of all Project Approvals obtained at any time. No Project Approvals will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure, deed in lieu of foreclosure or exercise of power of sale under the Mortgage.

(z) The Borrower has furnished the Bank with true and complete sets of the Plans and Specifications. The Plans and Specifications so furnished to the initial Servicer comply with all Legal Requirements, all Project Approvals, and all restrictions, covenants and easements affecting the Project, and have been approved by such Governmental Authority as is required for construction and equipping of the Improvements.

(aa) The Development Budget accurately reflects all Project Costs.

(bb) To the best of Borrower’s knowledge after due and diligent inquiry, the Survey delivered to the Bank does not fail to reflect any material matter of survey affecting the Project or the title thereto.

(cc) No part of the Land is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazard or to the extent any part of the Land is an area identified as an area having special flood hazard, adequate flood insurance has been obtained by the Borrower.

(dd) The Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, the violation of which might materially adversely affect the condition (financial or otherwise) or business of the Borrower. There has not been and shall never be committed by the Borrower or any other Person in occupancy of or involved with the operation or use of the Project any act or omission affording any Governmental Authority the right of forfeiture as against the Project or any part thereof any moneys paid in performance of the Borrower’s obligations under any Loan Document.

(ee) The Construction Contract and the Architect’s Contract are each in full force and effect and each of the parties thereto are in full compliance with their respective
obligations thereunder. The work to be performed by the Contractor under the Construction Contract is the work called for by the Plans and Specifications, and all work required to complete the Improvements in accordance with the Plans and Specifications is provided for under the Construction Contract.

(ff) Each Requisition submitted by the Borrower shall contain an affirmation that the foregoing representations and warranties remain true and correct as of the date hereof.

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

(hh) The execution and delivery of the Loan Documents, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and 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, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, 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.

(ii) No consent or approval of any trustee or holder of any indebtedness of the Borrower or any guarantor of indebtedness of or other provider of credit or liquidity to the Borrower, and 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 herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(jj) 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 Loan Documents and the Indenture or otherwise relied on the Issuer for any advice.

**Section 2.3 Covenants by the Borrower.** The Borrower hereby covenants and agrees that, on and after the Closing Date, it will:

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

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

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

(d) Indemnify the Issuer, the Trustee, the Owners and the Servicer against claims of brokers arising by reason of the execution hereof or the consummation of the transactions contemplated hereby other than any claims related to brokers engaged by Trustee, Owner or Servicer;

(e) Deliver to the Servicer and the Issuer copies of all leases (other than leases to residential tenants in the ordinary course of business in the form set forth in Exhibit D hereto as such form may be modified in accordance with the terms set forth herein) with respect to the Project or any portion thereof, whether executed before or after the date of this Loan Agreement;

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

(g) Comply with all restrictions, covenants and easements affecting the Land or the Project;

(h) Take, or require to be taken, such acts as may be required under applicable law or regulation in order that the interest on the Bonds continues to be excludable from gross income for purposes of federal income taxation, and refrain from taking any action which would adversely affect the exclusion from gross income of interest on the Bonds from federal income taxation;

(i) Perform and satisfy all the duties and obligations of the Borrower set forth and specified in the Indenture as duties and obligations of the Borrower, including those duties and obligations which the Indenture requires this Loan Agreement or the other Loan Documents to impose upon the Borrower;
(j) Confirm and assure that the Project, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination and inspection at reasonable times and upon reasonable notice by the Issuer, the Trustee or the Servicer or the duly authorized agent of any of them and shall keep copies of all written contracts or other instruments which affect the Project, all or any of which shall be subject to inspection and examination by the Issuer, the Trustee, the Servicer or the duly authorized agent of any of them;

(k) Commencing on the fifth anniversary of the Closing Date, and on such anniversary in each fifth year thereafter, cause to be delivered to the Trustee and the Servicer, if so requested by the Trustee or the Servicer, at Borrower’s cost, an opinion of counsel, who may be counsel for the Borrower, addressed to the Trustee and the Servicer and stating that based upon the law in effect on the date of such opinion no filing, registration or recording and no refiling, re-registration or rerecording of the Mortgage and any Financing Statement, amendments thereto, continuation statements or instruments of a similar character relating to the pledges and assignments made by the Borrower to the Issuer or the Trustee to or for the benefit of the Owners of Bonds is required by law in order to fully preserve and protect the rights of the Issuer, the Trustee and the Owners of Bonds, as the case may be, or if such filing, registration, recording, refiling, re-registration or rerecording is necessary, setting forth the requirements in respect thereof; and cause such filing, registration, recording, refiling, re-registration or rerecording to take place at Borrower’s expense and promptly after any filing, recording, refiling or rerecording of the Mortgage and any such Financing Statement or amendment thereto or continuation statement or instrument, deliver to the Trustee and the Servicer evidence, satisfactory to the Trustee and the Servicer, that such filing, registration, recording, refiling, re-registration, or rerecording has been duly accomplished and setting forth the particulars thereof;

(l) Promptly notify the Issuer, the Trustee and the Servicer in writing of any (i) default by the Borrower in the performance or observance of any covenant, agreement, representation, warranty or obligation of the Borrower set forth in this Loan Agreement or any other Loan Documents or (ii) any event or condition which with the lapse of time or the giving of notice, or both would constitute an Event of Default under this Loan Agreement or any other Loan Documents; and commence, pursue and complete construction and equipping of the Improvements as provided herein and in the Construction Disbursement Agreement.

The Borrower acknowledges that, to the extent that regulations of the Comptroller of the Currency or any other applicable regulatory agency require granting the Borrower the right to receive brokerage confirmations of securities transactions as they occur, the Borrower specifically waives the right to receive such confirmations.
ARTICLE III

LOAN AND PROVISIONS FOR REPAYMENT

Section 3.1 Issuance of Bonds and Delivery of Notes and other Loan Documents.

(a) In order to finance a portion of the costs of the acquisition, construction and equipping of the Project, the Issuer has, consistent with its duties and purpose under the Act, issued and caused the Trustee to authenticate and deliver the Bonds pursuant to the Indenture to the initial Owner. Each series of Bonds bears interest and is payable as provided therein and in the Indenture. Each series of Bonds shall mature and all Outstanding principal of, Prepayment Equalization Payments, interest and Additional Interest (if any) on such series of Bonds shall be due and payable in full on the Maturity Date applicable to such series of Bonds, all as provided more fully in the Bonds and the Indenture.

(b) The Issuer agrees to lend the proceeds received from the sale of the Bonds to the Borrower, by causing such amounts to be deposited directly into the Project Fund, subject to the terms and conditions of the Indenture and this Loan Agreement, including the terms and conditions thereof and hereof governing the disbursement of proceeds of the Loan.

(c) Pursuant to the Indenture, the Trustee shall make disbursements from the Project Fund created pursuant to the Indenture to pay or to reimburse the Borrower for costs of the acquisition, construction and equipping of the Project, subject to the conditions of the Indenture and this Loan Agreement. Upon receipt of a properly signed Requisition approved by the Servicer (which approval of the Servicer is expressly subject to the satisfaction of the conditions precedent set forth in the Construction Disbursement Agreement), the Trustee is authorized to act upon such Requisition without further inquiry, and, except for negligence after notice of facts to the contrary or willful misconduct of the Trustee, the Borrower shall hold the Trustee harmless against any and all losses, claims or liabilities incurred in connection with the Trustee’s making disbursements from the Project Fund in accordance with such Requisition. Neither the Trustee nor the Issuer shall be responsible for the application by the Borrower of moneys properly disbursed from the Project Fund.

(d) Concurrently with the sale and delivery of the Bonds, and to evidence further the obligation to repay the Loan in accordance with the provisions of this Loan Agreement, the Borrower has executed and delivered the Notes and the other Loan Documents.

Section 3.2 Loan Repayments and Other Amounts.

(a) Commencing on the first day of the month immediately following the Closing Date and continuing until the sixth month following the Conversion Date, Borrower shall pay to Trustee for deposit into the Revenue Fund an amount equal to the sum of (i) the interest due on the Bonds on said date (after taking into account funds available for such purpose, if any, in the Capitalized Interest Account of the Project Fund), plus (ii) amounts required to be deposited into the Replacement Reserve Fund (pursuant to Section 5.22(c) hereof), the Operating Reserve Fund (pursuant to Section 5.22(i) hereof) and the Tax and Insurance Fund (pursuant to Section 5.22(h) hereof) as of such date. Thereafter, the Borrower shall pay to the
Trustee, for deposit into the Revenue Fund, on the first day of each month commencing with the month that is seventh (7th) month after the month of the Conversion Date, an amount equal to the sum of (i) the interest due on the Bonds on said date (after taking into account funds available for such purpose, if any, in the Capitalized Interest Account of the Project Fund), plus (ii) the principal due on the Bonds on said date, plus (iii) amounts, if any, required to be deposited into the Replacement Reserve Fund (pursuant to Section 5.22(c) hereof), the Operating Reserve Fund (pursuant to Section 5.22(i) hereof) and the Tax and Insurance Fund pursuant to Section 5.22(h) hereof as of such date. Amounts so paid to the Trustee by the Borrower shall be in immediately available funds or shall be such that on the Bond Payment Date they are available funds.

(b) The Borrower understands that the interest rate applicable under the Notes and with respect to the Bonds is based upon the assumption that interest income paid on the Bonds will be excludable from the gross income of the Owners under Section 103 of the Code and applicable state law. In the event that an Initial Notification of Taxability shall occur, then the interest rate on the Notes and the Bonds, and on all obligations under this Agreement (other than those to which the Alternative Rate applies) shall, effective on the date of such Initial Notification of Taxability, be increased to a rate equal to the Taxable Rate. The Borrower shall, in addition, pay to the Trustee, for deposit into the Revenue Fund, promptly upon demand from the Trustee or the Servicer, an amount equal to the Additional Interest payable on the Bonds. The Borrower shall also indemnify, defend and hold the Owners and the Issuer harmless from any penalties, interest expense or other costs (other than those arising from the willful misconduct or gross negligence of Owner), including reasonable attorneys’ fees (including all reasonably allocated time and charges of Owners’, Issuer’s and Trustee’s “in-house” and “outside” counsel) and accountants’ costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of the Bonds and any interest payable to any Owner with respect to the Bonds other than with respect to any issues arising from the Owner being a “substantial user” of the Bonds. The obligations of the Borrower under this Section 3.2(b) shall survive termination of this Agreement and the Notes and repayment of the Loan. If, following any increase in interest rates pursuant to this Section 3.2(b), a final determination is made, to the reasonable satisfaction of the Owners, that interest paid on the Bonds is excludable from the Owners’ gross income under Section 103 of the Code and applicable state law, the Owners shall promptly refund to the Borrower any Additional Interest and other additional amounts paid by the Borrower pursuant to this Section 3.2(b).

(c) The Borrower agrees to pay the Trustee Fee and Trustee Expenses to the Trustee and agrees to pay the Issuer’s Fee to the Issuer. The Borrower also agrees to pay all fees, charges and expenses of the Trustee and the Issuer incurred in connection with this Agreement or the Indenture, respectively (including, without limitation, the reasonable, actually incurred fees and expenses of counsel to the Issuer, Bond Counsel and counsel to the Trustee), as and when the same become due. The Borrower also agrees to pay the printing and engraving costs of the Bonds, including any certificates required to be prepared for use in connection with any exchanges of Bonds for the cost of which Owners are not liable. The Borrower also agrees to pay the Loan Fee to Bank on or before the Closing Date, to pay the fees of the Majority Owner and the Servicer, and to pay all reasonable costs and expenses incurred by the Majority Owner and the Servicer in connection with the administration of the Bonds, the Loan or the collateral therefor, and any amendments, modifications or “workouts” thereof, including without limitation reasonable attorneys’ fees and costs (including allocated costs of in-house attorneys),
fees and costs of engineers, accountants, appraisers and other consultants, title insurance
premiums and recording costs upon receipt of written demand therefor.

(d) The Borrower agrees to pay all Costs of Issuance (in addition to those
Costs of Issuance otherwise required to be paid by this Section 3.2).

(e) The Borrower agrees to pay any Prepayment Equalization Payments at the
times and in the amounts the same become payable pursuant to the Indenture.

(f) The Borrower agrees to pay, as and when the same become due, to the
Issuer, the Servicer or the Trustee any extraordinary expenses, including, without limitation, any
costs of litigation, which may be incurred by the Issuer, the Servicer or the Trustee in connection
with this Loan Agreement or the Indenture, including the reasonable, actually incurred costs and
fees of any attorneys or other experts retained by the Issuer, the Servicer or the Trustee in
connection therewith. In particular, the Borrower agrees to pay each of the following (the
“Additional Payments”):

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

(ii) The reasonable fees and expenses of staff time and of such
accountants, consultants, attorneys and other experts as may be engaged by the Issuer or the
Trustee to prepare audits, financial statements, reports, opinions or provide such other services
required under the Loan Documents and the Indenture;

(iii) The Issuer’s Issuance Fee, the Issuer Annual Fee and the
reasonable fees and expenses of the Issuer or any agent or attorney selected by the Issuer to act
on its behalf in connection with 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 any such Bonds or in connection with any litigation, investigation
or other proceeding which may at any time be instituted involving this 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 Loan Documents or the Indenture.
(iv) Any amounts due and payable by the Borrower as arbitrage rebate under Section 148 of the Code, pursuant to Borrower’s covenants and agreements with respect thereto in Section 5.18(c) hereof.

Such Additional Payments shall be billed to the Borrower by the Issuer or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Issuer or the Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Borrower within thirty (30) days after the date of invoice. Notwithstanding the foregoing, the Issuer shall not be required to submit a bill to the Borrower for payment of the Issuer Annual Fee or any amounts due with respect to arbitrage rebate under Section 148 of the Code, the calculation and payment for which is the responsibility of the Borrower.

The Issuer’s Issuance Fee and the initial Issuer Annual Fee shall be paid to the Issuer by the Borrower on the Closing Date. Thereafter, the Issuer Annual Fee shall be due and payable by the Borrower in advance on October 1 of each year commencing with the first such date following the Closing Date. The Borrower’s obligation to pay the Issuer’s Issuance Fee and the Issuer Annual Fee shall in no way limit amounts payable by the Borrower to the Issuer under the Loan Documents, including for the enforcement thereof, but the Issuer does agree to apply the Issuer Annual Fee to the payment of any third party administrator appointed by it to administer the Regulatory Agreement to the extent of its fees for ordinary duties as administrator thereunder.

(g) The Borrower agrees to repay the Loan at the times and in the amounts necessary to enable the Trustee, on behalf of the Issuer, to pay all amounts payable with respect to the Bonds, when due, whether at maturity or upon redemption, acceleration, tender, purchase or otherwise.

Section 3.3 Payments Pledged and Assigned. It is understood and agreed that the Loan Documents and certain other documents and property and all payments required to be made by the Borrower pursuant hereto (except payments to be made to the Issuer in respect of its Reserved Rights and payments to be made to the Servicer and the Trustee pursuant to Section 3.2(b) hereof) have been assigned to the Trustee simultaneously herewith pursuant to the Indenture as and for security for the Bonds. The Borrower hereby consents to such assignment and recognizes the Trustee as the assignee of the Issuer, to the extent of the assignment, for purposes of said documents and property.

Section 3.4 Obligations of Borrower Hereunder Unconditional.

(a) The obligations of the Borrower to make any payments required by the terms of this Loan Agreement and the other Loan Documents, including, without limitation, the payments required in Section 3.2 hereof, and to perform and observe the other agreements on its part contained herein and in the other Loan Documents shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set off, counterclaim, abatement or otherwise and, until such time as the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture. The Borrower (i) will not suspend or discontinue, or permit the suspension
or discontinuance of, any payments provided for herein or in the other Loan Documents, (ii) will perform and observe all of its other agreements contained herein and the other Loan Documents and (iii) will not suspend the performance of its obligations hereunder and under the other Loan Documents for any cause including, without limiting the generality of the foregoing, failure to complete construction and equipping of the Project, any acts or circumstances that may constitute failure of consideration, failure of or a defect of title to the Project or any part thereof, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the other Loan Documents. The Borrower may, at its own cost and expense and in its own name or in the name of the Issuer (provided the Issuer is a necessary party and consents thereto), prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect its rights hereunder, and in such event the Issuer, subject to the provisions of the Indenture, hereby agrees to cooperate fully with the Borrower and to take all action (at the Borrower’s cost and expense) necessary to effect the substitution of the Borrower for the Issuer in any such action or proceeding if the Borrower shall so request.

(b) The Issuer shall not be obligated to pay the principal (or Redemption Price) of or interest on the Bonds, except from the Trust Estate and other moneys and assets received by the Trustee 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. Neither the Issuer nor its members, officers, directors, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under, 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.

(c) 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 to the Trustee pursuant to this Loan Agreement, together with investment income on certain funds and accounts held by the Trustee 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 Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor but solely, in the case of the Issuer, from the Trust Estate, other than with respect to any deficiency caused by the willful misconduct of the Issuer.
Additionally, no director, member, officer, agent or employee of the Issuer or any director, officer, agent or employee of the Borrower 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, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

ARTICLE IV

ADVANCES

Section 4.1 Requisition. At such time as the Borrower shall desire to obtain an advance from the Loan Account, the Insurance and Condemnation Proceeds Account or the Equity Account of the Project Fund, the Borrower shall complete, execute and deliver a Requisition to the Servicer. Each Requisition shall be signed on behalf of the Borrower and shall be in the form attached as Exhibit G to the Construction Disbursement Agreement. The Trustee may rely conclusively on the statements and certifications contained in any Requisition. The Borrower shall not submit any Requisition directly to the Trustee. Each advance from the Loan Account, the Insurance and Condemnation Proceeds Account, or the Equity Account of the Project Fund by the Trustee shall be subject to prior approval of the Requisition by the Servicer. Upon approval, the Servicer shall forward each Requisition to the Trustee for payment.

ARTICLE V

SPECIAL COVENANTS OF THE BORROWER

Section 5.1 Commencement and Completion of Project. The Borrower will commence construction and equipping of the Improvements within thirty (30) days after the Closing Date, will diligently pursue construction and equipping of the Improvements, will attain Completion prior to the Completion Deadline, and will pay all sums and perform all such acts as may be necessary or appropriate to complete such construction and equipping, all as more fully set forth in the Construction Disbursement Agreement.

Section 5.2 Records and Accounts. The Borrower will (a) keep true and accurate records and books of account in which full, true and correct entries will be made in accordance with Generally Accepted Accounting Principles, which records and books will not be maintained on a consolidated basis with those of any other Person, including any Affiliate of the Borrower and (b) maintain adequate accounts and reserves for all taxes (including income taxes), depreciation and amortization of its properties, contingencies, and other reserves, all of which accounts shall not be commingled with accounts of any other Person, including any or Affiliate of the Borrower.

Section 5.3 Financial Statements and Information. The Borrower will deliver, or cause to be delivered, to the Issuer, the Trustee and the Servicer:
(a) as soon as available, but in any event not later than one hundred twenty (120) days after the end of each fiscal year of the Borrower, beginning on the earlier of (i) the year in which the Certificate of Occupancy for the Project is obtained, and (ii) the occurrence of an Event of Default, a company or management prepared balance sheet of the Borrower at the end of such year, and the related statement of income, statement of retained earnings, changes in capital, and statement of cash flows for such year, and a statement of all contingent liabilities of the Borrower which are not reflected in such financial statements or referred to in the notes thereto, each setting forth in comparative form the figures for the previous fiscal year and all such statements to be in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles;

(b) Upon Trustee or Bank request, as soon as available, but in any event not later than thirty (30) days after the end of each calendar month, beginning on the month in which the Certificate of Occupancy for the Project is obtained, copies of the balance sheet of the Borrower as at the end of such month, and the related statement of income, statement of retained earnings, changes in capital, and statement of cash flows for the portion of the Borrower’s fiscal year then elapsed, all in reasonable detail and prepared in accordance with Generally Accepted Accounting Principles;

(c) within thirty (30) days after the end of each calendar month, commencing with the month in which the construction of the Project is substantially complete and continuing until the month in which Stabilization occurs, (i) a current rent roll and schedule of aging lease receivables as of the end of such month, in form and level of detail reasonably acceptable to the Servicer, detailing, with respect to each Lease, the tenant’s name, the Lease date, the premises demised, the term, the rent, the security deposit and any rent paid more than one month in advance, (ii) a leasing report setting forth the Borrower’s efforts to market and lease the then unleased space in the Improvements and the results of such efforts, accompanied by a certificate of the Borrower in the form attached hereto as Exhibit F, and (iii) an operating report for the Project for such month, in form and level of detail reasonably acceptable to the Servicer, together with a certification by an authorized officer of the Administrative General Partner that the information in all of the items required pursuant to this Section 5.3(c) is true and correct;

(d) Upon Trustee or Bank request, within thirty (30) days of filing, copies of all filed federal and state income tax returns and any extensions thereof, of Borrower and Guarantor for each taxable year (with all K-1s and other forms and supporting schedules attached if an individual);

(e) On or before the Stabilization Deadline (as defined in the Construction Disbursement Agreement), a certificate in the form set forth in Exhibit G-1 hereto;

(f) Upon Trustee or Bank request, on or before December 1 of each year, a copy of the Proposed Budget, and on or before January 30 of each year, a copy of the Approved Budget;

(g) Upon Trustee or Bank request, within sixty (60) days after the end of each calendar quarter beginning with the quarter in which the Borrower can certify that the Project has achieved Stabilization, as provided in a certificate in the form set forth in Exhibit G-2 hereto, (i)
a current rent roll and schedule of aging lease receivables as of the end of such month, in form
and level of detail reasonably acceptable to the Servicer, detailing, with respect to each Lease,
the tenant’s name, the Lease date, the premises demised, the term, the rent, the security deposit
and any rent paid more than one month in advance, and (ii) an operating report for the Project for
such month, in form and level of detail reasonably acceptable to the Servicer, together with a
certification by an authorized officer of Borrower that the information in all of the items required
pursuant to this Section 5.3(g) is true and correct; and

(h) from time to time such other financial data and information related to the
Borrower, the General Partner and the Project as the Issuer, the Trustee or the Servicer may
reasonably request.

Section 5.4 Insurance.

(a) The Borrower will obtain and maintain insurance with respect to the
Project and the operations of the Borrower as required from time to time by the Servicer. The
initial insurance requirements are set forth on Exhibit E hereto. All renewal policies, with
premiums paid, shall be delivered to the Servicer at least thirty (30) days before expiration of the
existing policies. If any such insurance shall expire or be canceled, or become void or voidable
by reason of the breach of any condition of coverage, or if the Servicer determines that any
coverage is unsatisfactory by reason of the failure or impairment of the capital of any insurance
carrier, or if any insurance is unsatisfactory to the Servicer, in its sole judgment, the Borrower
shall promptly place new insurance satisfactory to the Servicer.

(b) The Borrower will provide the Trustee and the Servicer with certificates
evidencing such insurance upon the request of the Servicer.

(c) If the Borrower fails to provide, maintain, keep in force or deliver to the
Servicer the policies of insurance and certificates required by this Loan Agreement, the Servicer
may (but shall have no obligation to) procure such insurance, and the Borrower will pay all
premiums thereon promptly on demand by the Servicer, and until such payment is made by the
Borrower, the amount of all such premiums shall bear interest at the Alternative Rate.

Section 5.5 Liens and Other Charges. The Borrower will duly pay and discharge,
cause to be paid and discharged, or provide a bond satisfactory to the Servicer to pay or
discharge, before the same shall become overdue all claims for labor, materials, or supplies that
if unpaid might by law become a lien or charge upon any of its property.

Section 5.6 Inspection of Project and Books, Appraisals.

(a) The Borrower shall permit the Issuer, the Trustee and the Servicer upon
reasonable notice at reasonable times (and subject to reasonable job safety rules), at the
Borrower’s cost and expense, to visit and inspect the Project and all materials to be used in the
construction and equipping thereof and will cooperate with the Issuer, the Trustee and the
Servicer during such inspections (including making available working drawings of the Plans and
Specifications); provided that this provision shall not be deemed to impose on the Issuer, the
Trustee, and the Servicer any obligation to undertake such inspections.
(b) The Borrower shall permit the Issuer, the Trustee and the Servicer, upon reasonable notice at reasonable times, at the Borrower’s cost and expense, to examine the books of account of the Borrower and the Project (and to make copies thereof and extracts therefrom) and to discuss the affairs, finances and accounts of the Borrower and the Project with, and to be advised as to the same by, its officers, partners, or trustees, all at such reasonable times and intervals as the Issuer, the Trustee and the Servicer may reasonably request; provided that so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall only be obligated to pay the expenses associated with one (1) such investigation during any twenty-four (24) month period.

(c) The Issuer, the Trustee and the Servicer shall have the right to obtain from time to time, at the Borrower’s cost and expense, updated Appraisals of the Project; provided that so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall only be obligated to pay for the costs and expenses associated with one (1) such Appraisal (including costs for internal review) during any twenty-four (24) month period.

(d) The costs and expenses incurred by the Issuer, the Trustee and the Servicer in obtaining such Appraisals or performing such inspections shall be paid by the Borrower promptly upon billing or request by the Issuer, the Trustee and the Servicer for reimbursement.

Section 5.7 Compliance with Laws, Contracts, Licenses, and Permits. The Borrower will comply with (a) all Legal Requirements, (b) the provisions of its Organizational Documents, (c) all applicable decrees, orders and judgments, and (d) all licenses and permits required by applicable laws and regulations for the conduct of its business or the ownership, use or operation of its properties, including all Project Approvals.

Section 5.8 Use of Proceeds. In accordance with the Development Budget, the Borrower will use (a) the proceeds of the Construction Tax-Exempt Bonds solely for the purpose of paying for Qualified Costs of the Project and (b) the proceeds of the Permanent Tax-Exempt Bonds for the purpose of paying (i) costs of acquisition and construction and equipping of the Project other than Qualified Costs of the Project and (ii) to the extent proceeds of the Construction Tax-Exempt Bonds are insufficient for such purposes, Qualified Costs of the Project.

Section 5.9 Borrower to Pay Excess Project Costs. The Borrower will pay when due all costs of acquisition, construction and equipping of the Project in excess of the proceeds of the Bonds, regardless of the amount. If at any time, the Servicer shall in its sole discretion determine that the remaining undisbursed portion of the Project Fund, together with the undisbursed balance of Required Equity Funds, and any other sums (including Project cash flow) previously deposited or to be deposited by the Borrower in connection with the Project, is or will be insufficient to complete the construction and equipping of the Improvements in accordance with the Plans and Specifications, to operate and carry the Project after Completion until Stabilization, to pay all other Project Costs, to pay all interest accrued or to accrue on the Bonds from and after the date hereof or until Stabilization, and to pay all other sums due or to become due under the Loan Documents (or any budget category or line item), regardless of how such condition may be caused, the Borrower will, within ten (10) days after written notice of such determination from
the Servicer, deposit with the Trustee such sums of money in cash as the Servicer may require, in an amount sufficient to remedy the condition described in such notice, and sufficient to pay any liens for labor and materials alleged to be due and payable at the time in connection with the Improvements, and, at the Servicer’s direction, no further disbursements from the Project Fund shall be made by the Trustee until the provisions of this Section have been fully complied with. The Servicer may direct the Trustee to enforce the Completion Agreement in accordance with its terms, and upon such direction, the Trustee shall proceed to enforce the Completion Agreement. All such deposited sums shall constitute additional security under the Loan Documents and, prior to the occurrence and continuance of a Default, shall be disbursed by the Trustee in the same manner as disbursements under the Indenture before any further disbursements from the Project Fund shall be made by the Trustee. Notwithstanding the above, in the event amounts deposited hereunder are actually in excess of the amount necessary to achieve Completion, such excess amounts shall be returned to the Borrower in accordance with Section 5.03 of the Indenture.

Section 5.10 Laborers, Subcontractors and Materialmen. The Borrower will furnish to the Issuer, the Trustee or the Servicer, upon reasonable request, and from time to time, affidavits listing all laborers, subcontractors, materialmen, and any other Persons who might or could claim statutory or common law liens and are furnishing or have furnished labor or material to the Project or any part thereof, together with affidavits, or other evidence satisfactory to the Issuer, the Trustee or the Servicer, showing that such parties have been paid all amounts then due for labor and materials furnished to the Project. The Borrower will also furnish to the Issuer, the Trustee, and the Servicer, at any time and from time to time upon reasonable request by the Issuer, the Trustee, Servicer or the Servicer, lien waivers bearing a then current date and prepared on a form satisfactory to the Issuer, the Trustee or the Servicer from the Contractor and such subcontractors or materialman, with a legal right to lien the Project, as the Issuer, the Trustee or the Servicer may designate.

Section 5.11 Further Assurance of Title. If at any time the Servicer has reason to believe that any disbursement from the Project Fund is not secured or will or may not be secured by the Mortgage as a first priority mortgage lien or security interest on the Property, then the Borrower shall, within fifteen (15) days after written notice from the Servicer, do all things and matters necessary, to assure to the satisfaction of the Servicer that any disbursement from the Project Fund previously made hereunder or to be made hereunder is secured or will be secured by the Mortgage as a first priority mortgage lien and security interest on the Property, and the Servicer, at its option, may decline to approve any further Requisitions until the Servicer has received such assurance. Nothing in this Section shall limit the right of the Servicer, at the Borrower’s expense, to order searches of title from time to time and to require bringdowns or endorsements extending the effective date of the Title Policy in connection with the making of advances as herein set forth.

Section 5.12 Publicity. The Borrower will permit the Servicer to obtain publicity in connection with the acquisition, construction and equipping of the Improvements through press releases and participation in such events as ground breaking and opening ceremonies and placement of signs on the Land.
Section 5.13  Further Assurances.

(a)  Regarding Construction.  The Borrower will furnish or cause to be furnished to the Issuer, the Trustee and the Servicer all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, title and other insurance, reports and agreements and each and every other document and instrument required to be furnished by the terms of this Loan Agreement or the other Loan Documents, all at the Borrower’s expense.

(b)  Regarding Preservation of Collateral.  The Borrower will execute and deliver to the Issuer, the Trustee and the Servicer such further documents, instruments, assignments and other writings, and will do such other acts necessary or desirable, to preserve and protect the collateral at any time securing or intended to secure the obligations of the Borrower under the Loan Documents, as the Issuer, the Trustee and the Servicer may require.

(c)  Regarding this Loan Agreement.  The Borrower will cooperate with, and will do such further acts and execute such further instruments and documents as the Issuer, the Trustee and the Servicer shall reasonably request to carry out to their satisfaction the transactions contemplated by this Loan Agreement and the other Loan Documents.

(d)  Bank of Account.  The Borrower will utilize Bank as its principal bank of account; including all construction disbursement, operating accounts, and reserve accounts.

(e)  Notwithstanding the foregoing in this Section 5.13, Borrower shall have no obligation to take any action which would increase the liability or obligations of any Obligor or which would result in a material change to any economic terms not originally contemplated by the parties hereto as of the Closing Date.

Section 5.14  Notices.  The Borrower will promptly notify the Issuer, the Trustee and the Servicer in writing of (i) the occurrence of any Default or Event of Default or event which, with the giving of notice or the passage of time, or both, would constitute a Default or Event of Default; (ii) the Borrower’s receipt of notice from any Governmental Authority of any alleged violation of environmental laws or regulations or other Legal Requirements; (iii) any labor problems with respect to the Borrower or the Project; (iv) the occurrence of any other event which would have a material adverse effect on the Project or the business or financial condition of the Borrower; or (v) the receipt by the Borrower of any notice of default or notice of termination with respect to any contract or agreement relating to the ownership, construction, equipping, operation, or use of the Project.

Section 5.15  Solvency; Adequate Capital.  The Borrower will:

(a)  Remain solvent and pay all of its indebtedness from its assets as the same become due; and

(b)  Maintain adequate capital for the normal obligations reasonably foreseeable for a business of its size and character and in light of its contemplated business operations.
Section 5.16 Management Contract.

(a) At all times following Completion, the Project shall be managed pursuant to a management contract with the Manager, which contract shall be terminable with or without cause by the Borrower or its successors as owners of the Project and shall otherwise be in form and substance satisfactory to the Servicer. The Borrower acknowledges that the Issuer, the Trustee and the Servicer will rely on the Manager’s experience in operating properties such as the Project as a means of maintaining the value of the collateral. In connection with the approval of the Manager, or any replacement management company:

(i) the Manager or holder of the stock or partnership interest therein, shall be a Person whose character, financial strength, stability and experience is acceptable to the Servicer and who shall have experience managing properties of a type and size reasonably similar to the Project;

(ii) the Manager shall deliver all organizational documentation and other materials evidencing its experience acceptable to the Servicer; and

(iii) the terms of any management contract shall provide for management fees in excess of 5.0% of the Project Revenues to be subordinate to payments owed by the Borrower under the Loan Documents and otherwise must be acceptable to the Servicer in all respects.

(b) The Borrower shall, from time to time, obtain from the Manager such certificates of estoppel with respect to compliance by the Borrower with the terms of the management contract as may be requested by the Issuer, the Trustee and the Servicer.

(c) The Project will be managed by the Manager pursuant to the Management Agreement. The Borrower acknowledges and agrees that Trustee, as mortgagee under the Mortgage, is and shall be a third-party beneficiary of the Management Agreement and any replacement management agreement. Any amendment to the Management Agreement or delivery of a replacement management agreement (other than for a renewal thereof on the same terms and conditions as the prior agreement) must be approved in writing by the Servicer.

Section 5.17 Negative Covenants of the Borrower. The Borrower covenants and agrees that, so long as the Loan is outstanding:

(a) Restrictions on Easements and Covenants. Except for Permitted Encumbrances and matters permitted by Section 5.17(d), the Borrower will not create or suffer to be created or to exist any easement, right of way, restriction, covenant, condition, license or other right in favor of any Person which affects or might affect title to the Project or the use and occupancy of the Project or any part thereof without obtaining the prior written consent of the Servicer, which shall not be unreasonably withheld or delayed so long as the proposed action is necessary for the operation of the Project for the purposes contemplated hereby and the proposed action does not materially impair the validity or priority of the lien of the Mortgage.

(b) No Amendments, Terminations or Waivers. Neither the Borrower nor the General Partner shall amend, supplement terminate or otherwise modify or waive any provision
of its Organizational Documents, the documents evidencing the Subordinate Loan or any
documents relating to the contribution of equity by the partners of the Borrower without
obtaining the prior written consent of the Servicer.

(c) Restrictions on Indebtedness. Without obtaining the prior written consent of the Servicer, the Borrower will not create, incur, assume, guarantee or be or remain liable, contingently or otherwise, with respect to any Indebtedness other than:

(i) Indebtedness arising under the Loan Documents;

(ii) Indebtedness arising in connection with the Subordinate Loan;

(iii) Indebtedness arising from loans made to the Borrower by a partner thereof in accordance with Borrower’s Partnership Agreement;

(iv) current liabilities of the Borrower relating to the Project, incurred in the ordinary course of business but not incurred through (A) the borrowing of money, or (B) the obtaining of credit except for credit on an open account basis customarily extended and in fact extended in connection with normal purchases of goods and services; and

(v) Indebtedness relating to the Project, in respect of taxes, assessments, governmental charges or levies and claims for labor, materials and supplies to the extent that payment therefor shall not at the time be required to be made.

(d) Restrictions on Liens. The Borrower shall not subject the Project, or permit the Project to be subjected, to any Lien or encumbrance except as permitted pursuant to Section 6 of the Mortgage.

(e) Transfers. The Borrower shall not transfer the Project, or any interest in the Project, in the Borrower or in any partner in the Borrower, or permit any such transfer, except (i) as permitted by Section 6 of the Mortgage, or (ii) as permitted pursuant to the Construction Disbursement Agreement.

(f) Merger, Consolidation, Conversion and Disposition of Assets

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

(ii) The Borrower will not convert into any other type of entity.

(iii) The Borrower will not seek the dissolution or winding up, in whole or in part, of the Borrower or voluntarily file, or consent to the filing of, a petition for bankruptcy, reorganization, assignment for the benefit of creditors or similar proceedings.

(g) Sale and Leaseback. The Borrower will not enter into any arrangement, directly or indirectly, whereby the Borrower shall sell or transfer any property owned by it in order then or thereafter to lease such property or lease other property that the Borrower intends to use for substantially the same purpose as the property being sold or transferred.
(h) **Preservation of Tax Exemption.** The Borrower will not take any action that would adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, nor omit or fail to take any action required to maintain the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

**Section 5.18 Arbitrage and Tax Matters.**

(a) The Borrower hereby represents, warrants and agrees that all certifications and representations of fact made by the Borrower in the Regulatory Agreement and the Borrower’s Tax Certificate are true, accurate and complete in all material respects of the date on which executed and delivered.

(b) The Borrower covenants not to cause or direct any moneys on deposit in any fund or account to be used in a manner which would cause the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code, and the Borrower certifies and covenants to and for the benefit of the Issuer and the Owners of the that so long as there are any Bonds Outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code. In furtherance of the foregoing, the Borrower covenants to comply with the terms and conditions of Borrower’s Tax Certificate and to pay when due any amount required to be paid to the United States in accordance with Borrower’s Tax Certificate and this Loan Agreement.

(c) At any time when any amount required to be paid under Section 148(f) of the Code (the “Rebate Regulations”) is due, the Borrower shall pay to the United States on behalf of the Issuer the full amount then required to be paid under the Rebate Regulations. Within sixty (60) days after the Bonds have been paid in full, the Borrower shall pay to the United State on behalf of the Issuer the full amount then required to be paid under the Rebate Regulations. Each such payment shall be made to such location specified by the Internal Revenue Service, accompanied by a Form 8038-T (or other appropriate information reporting form) prepared by the Borrower. No later than fifteen (15) days prior to each date on which a payment could become due under the Rebate Regulations (“Rebate Payment Date”), the Borrower shall deliver to the Issuer and the Trustee a certificate of a Rebate Analyst either summarizing the determination that no amount is required to be paid or specifying the amount then required to be paid, if the certificate specifies an amount to be paid, (A) such certificate shall be accompanied by a completed Form 8038-T, which is to be signed by an Authorized Representative of the Issuer, and shall include a certification by the Borrower that the Form 8038-T is accurate and complete, and (B) no later than ten (10) days after the Rebate Payment Date, the Borrower shall furnish to the Issuer and the Trustee a certificate state that such amount has been timely paid. This Section 5.18(c) shall be construed so as to cause compliance with the Rebate Regulations. The Borrower covenants that all action taken under this Section 5.18(c) shall be taken in a manner that complies with the Rebate Regulations and that it shall neither take any action nor omit to take any action that would cause the Bonds to be “arbitrage bonds” by reason of the failure to comply with the Rebate Regulations. To the extent that any payment of rebatable arbitrage or penalty in lieu of rebate is not timely made to the United States, the Borrower shall pay to the United States on behalf of the Issuer any correction amount, interest,
penalty or other amount necessary to prevent the Bonds from becoming “arbitrage bonds” within the meaning of Section 148 of the Code. The Borrower covenants that, to the extent necessary, it shall obtain the advice and assistance of a Rebate Analyst to aid it in complying with the Rebate Regulations.

Section 5.19 Indemnification.

(a) To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer, the Trustee, the Servicer and each of their respective past, present and future officers, 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) 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, the Loan Documents or the Tax Agreement 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, servants, employees, tenants) 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 Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Trustee in respect of any portion of the Project;

(iv) any violation of any environmental regulations with respect to, or the release of any Hazardous Substance 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 that interest on the Bonds is taxable or any regulatory audit or inquiry regarding whether interest on the Bonds is taxable; or

(viii) the Trustee’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 (i) in the case of the foregoing indemnification of the Trustee or the Servicer or any of their 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 (ii) 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 selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section 3.2(f) shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section shall survive the termination of this Loan Agreement.

Section 5.20 Agreements Between Borrower and its Affiliates. Except for (i) the Purchase Option Agreement executed by the Borrower, General Partner, Investor Limited Partner and Special Limited Partner dated October 1, 2014, and (ii) the Development Agreement executed by Borrower, YCD MGP I, LLC, a California limited liability company, and AMCAL Enterprises, Inc., a California corporation, dated October 1, 2014 the Borrower shall not enter into any agreement, written or otherwise, directly or indirectly relating to the Project with an Affiliate of the Borrower without the prior written consent of the Servicer.

Section 5.21 Sale of Bonds and Securitization.

(a) At the request of the Servicer, the Borrower shall take such actions and execute and deliver such documents and data as may be reasonably necessary or appropriate in connection with the sale of the Bonds or participation therein or any securitization (such sale and/or securitization, the “Securitization”) of single or multi-class securities (the “Securities”)
secured by or evidencing ownership interests in the Bonds. Without limiting the generality of
the foregoing, the Borrower shall:

(i) provide financial and other information with respect to the Project, the Borrower and its Affiliates, the manager and any tenants of the Project and provide business plans and budgets relating to the Project;

(ii) perform or permit or cause to be performed or permitted such site inspection, appraisals, market studies, environmental reviews and reports (Phase I and, if appropriate, Phase II), engineering reports and other due diligence investigations of the Project, as may be reasonably requested by the Servicer or the Rating Agencies or as may be necessary or appropriate in connection with the Securitization (the items provided to the Servicer pursuant to this paragraph (a) being called the “Provided Information”), together, if customary, with appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Servicer and the Rating Agencies;

(iii) cause counsel to render opinions as to non-consolidation, fraudulent conveyance, true sale and true contribution and any other opinion customary in securitization transactions with respect to the Project, the Borrower and its Affiliates, which counsel and opinions shall be satisfactory to the Servicer and the Rating Agencies;

(iv) make such representations and warranties as of the closing date of the Securitization with respect to the Project, the Borrower and the Loan Documents as are customarily provided in securitization transactions and as may be reasonably requested by the Servicer or the Rating Agencies and consistent with the facts covered by such representations and warranties as they exist on the date thereof, including the representations and warranties made in the Loan Documents;

(v) provide current certificates of existence with respect to the Borrower from appropriate Governmental Authorities; and

(vi) execute such amendments to the Loan Documents and the Organizational Documents of the Borrower as may be requested by the Servicer or the Rating Agencies or otherwise to effect the Securitization.

(b) All reasonable third party costs and expenses incurred by the Borrower solely in connection with the Borrower’s complying with requests made under this Section 5.21 shall promptly be paid or caused to be paid by the Servicer. The Borrower shall not be liable for third party costs or expenses incurred by the Servicer or the Rating Agencies in connection with the Securitization.

(c) The Borrower understands that certain of the Provided Information may be included in disclosure documents in connection with the Securitization, including a prospectus or private placement memorandum (each, a “Disclosure Document”) and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the “Securities Act”), or the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), or provided or made available to investors or prospective investors in the
Securities, the Rating Agencies, and service providers relating to the Securitization. In the event that the Disclosure Document is required to be revised prior to the sale of all Securities, the Borrower shall cooperate with the Servicer in updating the Provided Information for inclusion or summary in the Disclosure Document by providing all current information pertaining to the Borrower and the Project necessary to keep the Disclosure Document accurate and complete in all material respects with respect to such matters.

(d) In connection with a preliminary and a final private placement memorandum or prospectus, as applicable, the Borrower agrees if requested by the Servicer, to certify in writing that the Borrower has carefully examined those portions of such memorandum or prospectus, as applicable, pertaining to the Borrower and the Project and such sections (and any other sections reasonably requested and pertaining to Borrower and the Project) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading.

(e) The Borrower’s liability under this Section 5.21 shall be limited to liabilities arising out of or based upon any such material untrue statement or omission made with knowledge thereof and made therein in reliance upon and in conformity with information furnished to the Servicer by or on behalf of the Borrower in connection with the preparation of those portions of the Disclosure Document pertaining to the Borrower or the Project or in connection with the underwriting of the debt, including financial statements of the Borrower, operating statements, rent rolls, environmental site assessment reports and property condition reports with respect to the Project.

Section 5.22 Funds. The Borrower acknowledges the creation of the Replacement Reserve Fund, the Operating Reserve Funds and the Tax and Insurance Fund pursuant to the Indenture. The Replacement Reserve Fund, the Operating Reserve Fund and the Tax and Insurance Fund shall be funded, and moneys therein shall be disbursed, in accordance with the provisions of the Indenture and this Section 5.22.

(a) Upon Trustee or Bank request, the Borrower shall submit to the Servicer for approval the Proposed Budget to be effective for the next following year. The Servicer shall have the right to approve or disapprove any Proposed Budget or any line-item contained in such Proposed Budget. If any Proposed Budget is not approved by the Servicer within thirty (30) days following submission by the Borrower, such Proposed Budget shall be deemed disapproved. If any line-item or Proposed Budget is disapproved, the Borrower shall thereafter consult for an additional thirty (30) days with the Servicer in an effort to achieve mutually acceptable Approved Budget. To the extent that the Proposed Budget is disapproved, the Approved Budget for the previous year shall remain in effect, increased by 5% over the previous year (except for costs of utilities, real estate taxes and assessments and insurance and other third-party costs or cost associated with remediation of emergency conditions which shall be permitted variances to the Proposed Budget) until the parties resolve their differences. In addition to, and not in limitation of the foregoing, each Approved Budget may be revised from time to time with prior written consent of the Servicer to reflect changes to items set forth in the then-current Approved Budget.
(b) Each Proposed Budget:

(i) shall be prepared on the basis of sound accounting practices consistently applied;

(ii) shall reflect the projected gross revenues and operating expenses regarding the Project;

(iii) shall reflect all projected Capital Expenditures which are reasonably expected to be made in connection with the Project during the year covered by such Proposed Budget; and

(iv) shall contain such other information as reasonably may be requested by the Servicer.

(c) On each Interest Payment Date beginning with the first month after the earlier to occur of Stabilization or November 1, 2016, the Borrower shall deposit an amount equal to one-twelfth (1/12) of the Unit Reserve Amount in the Replacement Reserve Fund.

(d) Except as otherwise provided in this Section, before the Servicer shall authorize the disbursement of any amounts from the Replacement Reserve Fund, the Borrower shall submit the following items to the Servicer for its review and approval:

(i) a requisition from the Borrower stating that no Event of Default exists and requesting the Servicer to approve a disbursement;

(ii) the identity of all general contractors, architects, engineers and other professionals, if any, engaged in connection with the proposed capital expenditures along with copies of the contracts entered into between the Borrower and such entities;

(iii) copies of the plans and specifications for the work to be done, if required or produced in connection with the work contemplated;

(iv) if requested by the Servicer, evidence of compliance with all applicable Legal Requirements;

(v) if requested by the Servicer in connection with construction work in excess of $25,000, evidence of builders’ risk insurance along with workers’ compensation and public liability insurance in such amounts and in such form as the Servicer may reasonably require;

(vi) if requested by the Servicer in connection with construction work in excess of $25,000, evidence that the Consulting Engineer shall have inspected and approved of the work performed to date;

(vii) copies of bills or invoices documenting the proposed expenditure (with paid receipts or other evidence of payment for such Capital Expenditures to be provided to
the Servicer before the next requested requisition and in any event within ten (10) days of disbursement to the Borrower of the requested payment); and

(viii) evidence that the general contractor has delivered and filed effective mechanics lien waivers prior to the commencement of work or, if such waivers were not delivered and filed, a release of liens in connection with all work performed, which releases may be conditioned upon payment to the general contractor provided that the general contractor delivers unconditional releases within thirty (30) days of receipt of such payment.

(e) Provided the conditions set forth in Section 5.22(d) have been satisfied (or waived in writing by the Servicer), the Servicer shall authorize the disbursement from the Replacement Reserve Fund of the amount requested by the Borrower in its requisition, or such lesser amount approved by the Consulting Engineer, to the Borrower, provided, however, if the Consulting Engineer does not approve the full amount of the requisition, the Consulting Engineer shall provide a detailed rationale for such disapproval. It shall be a condition to all withdrawals from the Replacement Reserve Fund that (i) all work shall be performed in a good and workmanlike manner and in compliance with all applicable Legal Requirements, (ii) the Servicer shall have reviewed and approved each of the foregoing requirements, (iii) the work to be performed is consistent with the Approved Budget or the recommendations of the Consulting Engineer, and (iv) sufficient amounts are on deposit in the Replacement Reserve Fund to pay the amount requisitioned.

(f) For any single Capital Expenditure (not part of, or related to, a sequence or a series of Capital Expenditures or a particular capital improvement plan or project) costing less than Ten Thousand Dollars ($10,000.00) and whether or not described in the Approved Budget, the Borrower, upon completion of the work, shall deliver to the Servicer evidence reasonably satisfactory to the Servicer of such completion and shall deliver to the Servicer invoices for such work, and, for all of such subsequent disbursements from the Replacement Reserve Fund, the Borrower shall deliver evidence of payment in full for all invoices pertaining to the previous disbursement from the Replacement Reserve Fund, whereupon the Servicer shall authorize reimbursement of the cost of the Capital Expenditure from the Replacement Reserve Fund to the Borrower or, at the Servicer’s option, to the contractors to whom such funds are owed.

(g) For any Capital Expenditure (not part of or related to a sequence or series of Capital Expenditures) costing Ten Thousand Dollars ($10,000.00) or more which is to be paid from the Replacement Reserve Fund, before entering into any contracts in connection with such Capital Expenditure (whether or not the Capital Expenditure was described in the Approved Budget), the Borrower shall submit to the Servicer for its prior review and approval (which shall not be unreasonably withheld or delayed) copies of the proposed contracts to be entered into with respect to such Capital Expenditure and copies of the proposed plans and specifications for the Capital Expenditure. Once the Capital Expenditure is approved in advance by the Servicer, the provisions of Section 5.22(d) shall apply. Upon completion of such work, the Borrower shall deliver to the Servicer evidence reasonably satisfactory to the Servicer of such completion and shall deliver to the Servicer invoices for such work and, for all of such subsequent disbursements from the Replacement Reserve Fund, the Borrower shall deliver evidence of payment in full for all invoices pertaining to the previous disbursement from the Replacement Reserve Fund,
whereupon the Servicer shall authorize reimbursement of the cost of the Capital Expenditure from the Replacement Reserve Fund to the Borrower, or, at the Servicer’s option, the contractors to whom such costs are owed.

(h) Borrower shall provide to the Trustee and the Servicer, promptly following the Borrower’s receipt thereof, copies of all bills received by the Borrower for real property taxes for the Property and for the premiums on the insurance policies required to be maintained pursuant to the loan documents. On each Interest Payment Date, beginning with the first month after the Stabilization Date, the Borrower shall deposit funds into the Tax and Insurance Fund in an amount equal to one-twelfth (1/12) of the amount required to be payable during the current year for real estate taxes and insurance premiums with respect to the Project, as indicated by the current bills. If, one month prior to the due date of any aforementioned obligations, the amounts then on deposit shall be insufficient for the payment of such obligation in full, the Borrower shall deposit with the Trustee the amount of the deficiency within ten (10) days after demand from the Trustee or the Servicer. Amounts held in the Tax and Insurance Fund shall be applied by the Trustee to the payment of real estate taxes and insurance premiums on or before the respective dates on which the same or any of them would become delinquent.

(i) On the Conversion Date, the Borrower shall deposit $159,272 in its own funds into the Operating Reserve Fund. Moneys in the Operating Reserve Fund shall be disbursed only upon the authorization of the Servicer which authorization shall not be unreasonably withheld or delayed if no Event of Default has occurred and is continuing. To the extent that Project Revenues are insufficient to pay Operating Expenses and/or the amount necessary to pay principal and interest on the Bonds as required pursuant to Section 3.2, the Borrower may make written request to the Servicer for disbursement of amounts in the Operating Reserve Fund for payment of such Operating Expenses as debt service on the Bonds. Following receipt of any such request, the Servicer may authorize the disbursement of such sums from the Operating Reserve Fund as it shall have approved from time to time. If moneys are disbursed from the Operating Reserve Fund, the Borrower shall, from time to time, deposit into the Operating Reserve Fund any Net Operating Revenues that it realizes until the amount so deposited is equal to the aggregate amounts so disbursed.

Section 5.23 Covenants Regarding Tax Credits. The Borrower hereby agrees to comply with all of the following covenants (each, a “Tax Credit Covenant”):

(a) To observe and perform all obligations imposed on the Borrower in connection with the Tax Credits, including the obligation to have the Project “placed in service” (within the meaning given in Section 42 of the Code) in a timely manner; and to operate the residential units of the Project, and to use the Borrower’s best efforts to cause all appropriate parties to operate the same, in accordance with all requirements, statutes, and regulations governing the Tax Credits;

(b) To preserve at all times the allocation and availability of the Tax Credits;

(c) Not to release, forego, alter, amend, or modify its rights to the Tax Credits without the Servicer’s prior written consent, which the Servicer may give or withhold in the Servicer’s reasonable discretion;
(d) Not to execute any residential lease of all or any portion of the Project which does not comply fully with all requirements, statutes, and regulations governing the Tax Credits, without the Servicer’s prior written consent, which the Servicer may give or withhold in the Servicer’s sole and absolute discretion;

(e) 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 Tax Credits in connection with the low-income occupancy of the Project;

(f) To comply with the appropriate minimum low-income set-aside requirements under the Code or applicable federal regulations (the “Federal Laws”) and all laws and regulations of the State (the “State Laws”) applicable to the creation, maintenance and continued availability of the Tax Credits;

(g) To certify compliance with the set-aside requirements and report the dollar amount of qualified basis and maximum applicable percentage, date of placement in service and any other information required for the Tax Credits at such time periods as required by Federal Laws or State Laws for such Tax Credits;

(h) To set aside the appropriate number of units for households with incomes meeting the required standards of the median income of the county in which the Project is located to qualify for the Tax Credits (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 Tax Credits under Section 42(i)(3) of the Code and/or State Laws;

(i) To exercise good faith in all activities relating to the operation and maintenance of the Project in accordance with the requirement of Federal Laws and State Laws; and

(j) To promptly deliver to the Servicer true and correct copies of all notices or other documents or communications received or given by the Borrower with regard to or relating in any way to the Borrower’s partnership interests and/or the Tax Credits. Immediately upon receipt thereof, the Borrower shall deliver to the Servicer a copy of (i) the fully-executed allocation and final reservation of Tax Credits for the Project; (ii) the basis audit (as required by Section 42 of the Code) for the Project (including a certificate of the Borrower’s accountant or attorneys if requested by the Servicer); (iii) the first annual income certification for all tenants of the Project showing that the tenants are qualified for purposes of the Borrower’s obtaining Tax Credits, and (iv) the fully-completed Form 8609 (required by the Code) issued for the Project. The Borrower shall deliver promptly to the Servicer such other certificates, income certificates, reports and information as the Servicer may request.

The Borrower understands and acknowledges that the Bank is purchasing the Bonds based, in part, upon the value of the Tax Credits, and the Tax Credits, directly or indirectly, constitute part of Trustee’s security on behalf of the Owners of the Bonds, for the obligations of the Borrower in connection with the Loan. The Borrower agrees to indemnify, defend, and hold
the Servicer and the Owners harmless for, from, and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys’ fees, arising from or in any way connected with the Borrower’s failure to comply with one or more Tax Credit Covenants, excepting those arising out of, or resulting, solely from the gross negligence or willful misconduct of the Servicer.

Section 5.24 Leasing.

(a) The Servicer (and all other parties whose approval is required) must approve the Borrower’s standard form of residential lease or rental agreement prior to its use by the Borrower. The Borrower may not materially modify the approved standard form of residential lease without the Servicer’s prior written consent in each instance (which consent shall not be unreasonably withheld), together with the approval of all other parties whose consent is required. Each lease, other than leases on the Borrower’s standard form of residential lease, of any part of the Project is subject to the Servicer’s written approval as to form and substance prior to execution and delivery. Despite the foregoing, the Borrower may enter into residential leases (and amendments) in the ordinary course of business with bona fide third party tenants without the Servicer’s prior written consent if the Borrower uses the approved standard form of residential lease and:

(i) Within fifteen (15) days after the Servicer’s written request therefor, the Servicer receives a copy of the executed lease (accompanied by all financial information and certificates obtained by the Borrower pertaining to the tenant);

(ii) The Borrower, acting in good faith and exercising due diligence, has determined that the tenant qualifies as a low-income family for purposes of meeting the requirements for obtaining Tax Credits;

(iii) The lease meets the standards required by Section 42 of the Code;

(iv) The lease meets the requirements of the Servicer, the Issuer, the Investor Limited Partner and the Special Limited Partner;

(v) The lease reflects an arm’s-length transaction and, so long as the Construction Disbursement Agreement is in effect, conforms to the projections of the Pro Forma Schedule attached thereto;

(vi) The lease does not affect more than one (1) residential unit within the Improvements and is for a minimum term of six (6) months and a maximum term of twelve (12) months, unless otherwise agreed in writing by the Servicer; and

(vii) So long as the Construction Disbursement Agreement is in effect, the lease, together with all leases previously executed, does not cause the Loan to become “out of balance” as that term is defined in Section 1.2(a) of the Construction Disbursement Agreement. The Borrower acknowledges that the Loan may become “out of balance” if the landlord’s aggregate economic obligations under the leases exceed, or the Net Operating Income from the Project fails to meet, the Borrower’s projections for such obligations, thereby increasing the cost or decreasing the value of the Project.
(b) The Servicer in the exercise of its sole discretion may consider any executed lease it receives to be unsatisfactory if the lease fails to meet any of the requirements of this Agreement. If this happens, or if the Borrower at any time fails to submit any executed lease (and accompanying information) at the time required by this Section, or if any Event of Default has occurred and is continuing, the Servicer may make written demand on the Borrower to submit all future leases for the Servicer’s approval prior to execution. The Borrower must comply with any such demand by the Servicer.

(c) The Servicer’s approval of any lease is for the sole purpose of protecting the Servicer’s security and preserving the Servicer’s rights under the Loan Documents. No approval by the Servicer will result in a waiver of any default of the Borrower. In no event will the Servicer’s approval of any lease be a representation of any kind with regard to the lease, its enforceability or the financial capacity of any tenant or guarantor.

(d) The Borrower must perform all obligations required to be performed by it as landlord under any lease affecting any part of the Land or any space within the Improvements.

Section 5.25 Compliance with Anti-Terrorism Regulations

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


(c) If Borrower becomes aware or receives any notice that any of the Related Persons are named on any of the OFAC Lists (such occurrence, an “OFAC Violation”), Borrower will immediately (i) give notice to the Issuer, the Trustee and the Servicer of such OFAC Violation, and (ii) comply with all laws applicable to such OFAC Violation (regardless of whether the party included on any of the OFAC Lists is located within the jurisdiction of the United States of America), including, without limitation, the Anti-Terrorism Regulations, and Borrower hereby authorizes and consents to Issuer’s, Trustee’s and Servicer’s taking any and all
steps Issuer, Trustee and Servicer deem necessary, in the sole discretion of each of Issuer, Trustee and Servicer, to comply with all laws applicable to any such OFAC Violation, including, without limitation, the requirements of the Anti-Terrorism Regulations (including the “freezing” and/or “blocking” of assets).

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

ARTICLE VI

OPTION AND OBLIGATIONS OF BORROWER TO PREPAY

Section 6.1 Optional Prepayment.

(a) The Notes and amounts due under Section 3.2(a) hereof are subject to prepayment in order to effect the redemption of the Bonds under Section 4.03 of the Indenture at the option of the Borrower in whole or in part at the times (and not before the times) and at the redemption prices plus accrued interest to the redemption date of the Bonds, Additional Interest and the Prepayment Equalization Payment, if applicable, as set forth in Section 4.03 of the Indenture together with interest as set forth in Section 4.03 of the Indenture. The Notes are not otherwise subject to optional prepayment by the Borrower.

(b) To effect prepayment of the Notes and redemption of the Bonds as contemplated in subparagraph (a) above, the Borrower shall deliver to the Trustee and the Servicer, not less than ninety (90) days prior to the date on which Bonds are subject to redemption under said Section, a written certificate of the Borrower stating that the Borrower is prepaying the Notes pursuant to this Section 6.1. The certificate from the Borrower shall certify the following: (i) the principal amount of the Note to be prepaid, (ii) that the amount to be prepaid on such Note shall be credited to redemption of the Bonds pursuant to Section 4.03 of the Indenture, (iii) the date for redemption of the Bonds, (iv) any conditions to such prepayment.

(c) The options granted to the Borrower in this Section 6.1 shall be exercisable only (i) in the event and to the extent the Bonds are subject to redemption in accordance with the Indenture and (ii) if no Event of Default under any of the Loan Documents shall have occurred and be then continuing or if all costs associated with any existing Event of Default (including, without limitation, late fees, penalties, costs of enforcement, protective
advances and interest on such amounts) which are then due and owing under the Loan Documents are paid in full in connection with such prepayment.

(d) Optional prepayment of the Loan shall be applied, as between the Construction Note and the Permanent Note, in a manner that corresponds to the allocation of redemption payments between the Construction Tax-Exempt Bonds and the Permanent Tax-Exempt Bonds pursuant to Section 4.06 of the Indenture.

Section 6.2 Mandatory Prepayment. The Loan and amounts due under Section 3.2(a) hereof shall be prepaid in whole or in part in order to effect the mandatory redemption of the Bonds at the times and in the amounts specified in Section 4.01 of the Indenture. Mandatory prepayment of the Loan shall be applied, as between the Construction Note and the Permanent Note, in a manner that corresponds to the allocation of redemption payments between the Construction Tax-Exempt Bonds and the Permanent Tax-Exempt Bonds pursuant to Section 4.06 of the Indenture.

Section 6.3 Amounts Required for Prepayment.

(a) The amount payable by the Borrower hereunder upon either (i) the exercise of the option granted to the Borrower in Section 6.1 hereof, or (ii) the mandatory prepayment of the Notes by the Borrower in Section 6.2 hereof shall be, to the extent applicable and except as otherwise provided, the sum of the following:

(i) the amount of money necessary to pay the redemption price of the Bonds to be redeemed specified in Section 4.03 of the Indenture, in the case of optional redemption and Section 4.02 of the Indenture in the case of mandatory redemption, together with all interest specified therein payable up to and including said redemption date, Prepayment Equalization Payment (if applicable), and all expenses of the redemption; plus

(ii) in the event of a redemption in whole, an amount of money equal to the Trustee Fee, Trustee’s Expenses and Issuer’s Fee and expenses under the Indenture accrued and to accrue until the final payment and redemption of the Bonds; plus

(iii) in the event of any prepayment during the existence and continuance of an Event of Default, the amounts described in Section 6.1(c)(ii) hereof.

(b) Any prepayment made pursuant to Section 6.1 or 6.2 hereof shall be deposited into the Revenue Fund. No prepayment or investment of the proceeds thereof shall be made which shall cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

Section 6.4 Cancellation at Expiration of Term. At the acceleration, termination or expiration of the term of this Loan Agreement and following full payment of the Bonds or provision for payment thereof in accordance with Article IX of the Indenture and of all other fees and charges of all parties having been made in accordance with the provisions of this Loan Agreement and the Indenture, the Issuer shall deliver to the Borrower any documents and take or cause the Trustee to take such actions as may be necessary to effectuate the cancellation and
evidence the termination of this Loan Agreement and the Loan Documents (other than the Regulatory Agreement, which shall not terminate except in accordance with the terms thereof).

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. The following shall be “Events of Default” under this Loan Agreement, and the term “Event of Default” shall mean, whenever it is used in this Loan Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay any amounts required to be paid on the Notes or under Section 3.2 (a) or (b) hereof when due;

(b) Any failure by the Borrower to pay as and when due and payable any other sums to be paid by the Borrower under this Loan Agreement and the continuation of such failure for a period of five (5) days after the same are due; or

(c) Any failure of any representation or warranty made in this Loan Agreement, the Construction Disbursement Agreement or any Requisition to be true and correct; or

(d) Any failure by the Borrower to observe and perform any covenant or agreement on its part to be observed or performed hereunder or thereunder, other than as referred to in subsections (a) or (b) of this Section 7.1, for a period of thirty (30) days after written notice specifying such breach or failure and requesting that it be remedied, given to the Borrower by the Issuer, the Trustee or the Servicer; provided, however, that in the event such breach or failure be such that it can be corrected but cannot be corrected within said 30 day period, the same shall not constitute an Event of Default hereunder if corrective action is instituted by the Borrower or on behalf of the Borrower within said 30 day period and is diligently pursued to completion thereafter (unless, in the opinion of Bond Counsel delivered to the Servicer, failure to correct such breach or failure within the cure period herein provided (or such shorter time as shall be established as a limitation on the period of time during which correction may be pursued) will adversely affect the exclusion from gross income of interest on the Bonds for federal income taxation purposes or violate State law, in which case the extension of cure period herein provided will not be available); or

(e) Any Event of Default (as defined or otherwise set forth in the Indenture or any of the Loan Documents, the General Partner Documents or the Guarantor Documents) shall have occurred and shall remain uncured beyond any applicable cure period provided in the applicable document; or

(f) Any dissolution, termination, partial or complete liquidation, merger or consolidation of any Obligor or the General Partner of Borrower, or any sale, transfer or other disposition of the Project or of all or substantially all of the assets of Borrower; or

(g) Any failure by the Borrower to obtain any Project Approvals as required in order to proceed with the construction of the Project so as to complete the same by the
Completion Deadline, or the revocation or other invalidation of any Project Approvals previously obtained which are not reinstated with thirty (30) days of such revocation or invalidation; or

(h) Any Transfer of Interest or Transfer of Property other than as expressly permitted by the terms hereof or by reason of the death of the owner of such interests; or

(i) The General Partner ceases for any reason to act in that capacity unless replaced by a transferee permitted pursuant to Section 5.17(e); or

(j) [Intentionally omitted]; or

(k) Any failure by the Borrower to pay at maturity, or within any applicable period of grace, any Indebtedness, or any failure to observe or perform any material term, covenant or agreement contained in any agreement by which it is bound, evidencing or securing any Indebtedness, for such period of time as would permit (assuming the giving of appropriate notice if required) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof; or

(l) Any Obligor shall file a voluntary petition in bankruptcy under Title 11 of the United States Code, or an order for relief shall be issued against any such Obligor in any involuntary petition in bankruptcy under Title 11 of the United States Code, or any such Obligor shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief of debtors, or such Obligor shall seek or consent to or acquiesce in the appointment of any custodian, trustee, receiver, conservator or liquidator of such Obligor, or of all or any substantial part of its respective property, or such Obligor shall make an assignment for the benefit of creditors, or such Obligor shall give notice to any governmental authority or body of insolvency or pending insolvency or suspension of operation; or

(m) An involuntary petition in bankruptcy under Title 11 of the United States Code shall be filed against the Borrower or any Obligor and such petition shall not be dismissed within ninety (90) days of the filing thereof; or

(n) A court of competent jurisdiction shall enter any order, judgment or decree approving a petition filed against any Obligor seeking any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or appointing any custodian, trustee, receiver, conservator or liquidator of all or any substantial part of its property; or

(o) [Intentionally omitted]; or

(p) Any uninsured final judgment in excess of $25,000 shall be rendered against the Borrower and shall remain in force, undischarged, unsatisfied and unstayed, for more than thirty (30) days, whether or not consecutive; or
(q) Any of the Loan Documents, the General Partner Documents or the Guarantor Documents shall be canceled, terminated, revoked or rescinded otherwise than in accordance with the terms thereof or with the express prior written consent of the Servicer, or any action at law, suit in equity or other legal proceeding to cancel, revoke or rescind any of the Loan Documents, the General Partner Documents or the Guarantor Documents shall be commenced by or on behalf of any Obligor which is a party thereto, or any of their respective stockholders, partners or beneficiaries, or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents, the General Partner Documents or the Guarantor Documents is illegal, invalid or unenforceable in accordance with the terms thereof; or

(r) Any refusal by the Title Insurance Company to insure that any advance is secured by the Mortgage as a valid lien and security interest on the Project and the continuation of such refusal for a period of twenty (20) days after notice thereof by Servicer to the Borrower; or

(s) Completion shall not have been attained by the Completion Deadline; or

(t) Any cessation at any time in construction or equipping of the Improvements for more than thirty (30) consecutive days except for severe weather, strikes, acts of God, fire or other casualty, or other causes entirely beyond the Borrower’s control, or any cessation at any time in construction or equipping of the Improvements for more than sixty (60) consecutive days, regardless of the cause thereof; provided, however, that such cessation may continue for a period of longer than sixty (60) consecutive days with the consent of the Servicer if the Borrower shall have requested and received the consent of the Servicer to an extension of the Completion Deadline, in which case it shall not be an Event of Default hereunder unless and until the period of cessation extends beyond the number of days for which the extension was granted; or

(u) Any of the Indenture, this Agreement, the Regulatory Agreement or the Tax Certificate shall be amended in a material manner (including without limitation any “automatic” amendments of the Regulatory Agreement) without the prior written consent of the Servicer; or

(v) Failure of the Investor Limited Partner to fund its capital contributions to the Borrower in at least the amounts and on or before the deadline dates as set forth in the Construction Disbursement Agreement due to a default under the Partnership Agreement by any General Partner.

Section 7.2 Remedies on Default.

(a) Whenever any Event of Default referred to in Section 7.1 hereof shall have occurred and be continuing, any obligation of the Servicer to approve Requisitions shall be terminated, and the Trustee (but only if directed to do so by Servicer and, subject to the provisions of the Indenture) shall:
(i) by notice in writing to the Borrower declare the unpaid indebtedness under the Loan Documents to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable; and

(ii) take whatever action at law or in equity or under any of the Loan Documents, the General Partner Documents or the Guarantor Documents, as may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due hereunder or thereunder or under the Notes, or to exercise any right or remedy or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement, the Notes or any other Loan Document (including without limitation foreclosure of the Mortgage), any General Partner Document or any Guarantor Document (including actions to enforce the Payment Guaranty and/or the Completion Agreement); and

(iii) cause the Project to be completed, constructed and equipped in accordance with the Plans and Specifications, with such changes therein as the Servicer may, from time to time, and in its sole discretion, deem appropriate.

(b) Any amounts collected pursuant to action taken under this Section (other than amounts collected by the Issuer pursuant to the Reserved Rights) shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Issuer, the Trustee or the Servicer and their respective Counsel, be paid into the Revenue Fund (unless otherwise provided in this Loan Agreement) and applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section 7.2 shall relieve the Borrower from the Borrower’s obligations pursuant to Section 3.2 hereof.

Section 7.3 No Remedy Exclusive. No remedy conferred herein or in any other Loan Document upon or reserved to the Trustee or the Servicer 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 Trustee or the Servicer to exercise any remedy reserved to it herein or in any other Loan Document, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 7.4 Agreement to Pay Fees and Expenses of Counsel. If an Event of Default shall occur under this Loan Agreement or under any of the other Loan Documents, and the Issuer, the Trustee, the Servicer should employ counsel or incur other expenses for the collection of the indebtedness or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein or therein contained, the Borrower agrees that it will on demand therefor pay to any such party, or, if so directed by any such party, to its counsel, the reasonable actually incurred fees of such Counsel and all other out-of-pocket expenses incurred by or on behalf of the Issuer, the Trustee, the Servicer.
Section 7.5  No Additional Waiver Implied by One Waiver; Consents to Waivers.  In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter 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.  No waiver shall be effective unless in writing and signed by the party making the waiver.

Section 7.6  Remedies Subject to Applicable Law.  All rights, remedies, and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the Land and to be limited to the extent necessary so that they will not render this Loan Agreement invalid, unenforceable, or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

Section 7.7  Cure by Special Limited Partner.  The Issuer, the Trustee and the Servicer hereby agree that cure of any Event of Default made or tendered by the Investor Limited Partner or Special Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 7.8  Issuer Exercise of Remedies.  Notwithstanding anything to the contrary contained herein, the Issuer may enforce its Reserved Rights under the Loan Documents and exercise the permitted remedies with respect thereto against the Borrower; provided that the Issuer shall not commence or direct the Trustee to commence any action to declare the outstanding balance of the Bonds or the Loan to be due and neither the Issuer nor the Trustee shall take any action in respect of Reserved Rights (i) to foreclose to take similar action under the Mortgage or otherwise in respect of any liens upon or security interests in the Project or other property pledged to secure the Borrower’s obligations under the Loan Documents, (ii) to appoint a receiver, (iii) to enforce any similar remedy against the Project or other property pledged to secure the Borrower’s obligations under the Loan Documents; or (iv) to enforce any other remedy which would cause any liens or security interests granted under the Loan Documents to be discharged or materially impaired thereby.

ARTICLE VIII

MISCELLANEOUS

Section 8.1  General Provisions.  The following provisions shall be applicable at all times throughout the term of this Loan Agreement:

(a)  The Issuer, the Trustee and the Servicer shall, at all times, be free to establish independently to their respective satisfaction and in their respective absolute discretion the existence or nonexistence of any fact or facts the existence of which is a condition of this Loan Agreement or any other Loan Document.

(b)  The Bonds and the obligations and undertakings of the Issuer hereunder do not constitute a general obligation of the Issuer or the State or any political subdivision thereof, and recourse on the Bonds and on the instruments and documents executed and
delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby may be had only against certain moneys due and to become due under the Loan Documents (and not against any moneys due or to become due to the Issuer pursuant to the Reserved Rights). No recourse shall be had for the payment of the principal of or interest on the Bonds, or for any claim based thereon or on this Loan Agreement or any other Loan Document, any Issuer Document or any instrument or document executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby, against the Issuer or any member, officer, employee or other elected or appointed official, past, present or future, of the Issuer or any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise and all such liability of the Issuer or any such incorporation, member, officer, director, employee, any other elected or appointed official or trustee as such is hereby expressly waived and released as a condition of and consideration for the adoption of the resolution authorizing the execution of the Issuer Documents and issuance of the Bonds and the delivery of other documents in connection herewith. No member, officer, employee or other elected or appointed official past, present or future, of the Issuer or any successor body shall be personally liable on the Issuer Documents, the Bonds or any other documents in connection herewith, nor shall the issuance of the Bonds be considered as misfeasance or malfeasance in office. The Bonds and the undertakings of the Issuer under the Issuer Documents do not constitute a pledge of the general credit or taxing power of the Issuer, the State, or any political subdivision thereof, do not evidence and shall never constitute nor give rise to a pecuniary liability of the State or any political subdivision thereof, other than the Issuer.

Section 8.2 Authorized Borrower Representative. Pursuant to written direction provided on the Closing Date, the Borrower has appointed one or more Authorized Representative for the purpose of taking all actions and making all certificates required to be taken and made by the Authorized Representative under the provisions of the Loan Documents. Whenever under the provisions of any Loan Document the approval of the Borrower is required or any party is required to take some action at the request of the Borrower, such approval or such request shall be made by the Authorized Borrower Representative, unless otherwise specified in this Loan Agreement, and the Issuer, the Trustee and the Servicer shall be authorized to act on any such approval or request and the Borrower shall have no complaint against any such party as a result of any such action taken in conformity with such approval or request by the Authorized Borrower Representative.

Section 8.3 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Trustee and the Borrower and their respective successors and permitted assigns. The Borrower acknowledges and agrees that the Issuer has assigned or is assigning its rights under this Loan Agreement to the Trustee, and that, pursuant to the Indenture, Trustee will follow directions from the Servicer in implementing certain of the rights and remedies under this Loan Agreement. The Owners of the Bonds and the Servicer shall be express third party beneficiaries of this Loan Agreement, and shall have the right to enforce directly against Borrower or other persons the rights and implement the rights and remedies provided to each of them hereunder, but not including the Reserved Rights; provided, however, that the rights of the Owners to bring actions and implement rights and remedies hereunder shall
be subject to the same restrictions as are imposed with respect to actions, rights and remedies of the Owners under the Indenture.

Section 8.4 Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; provided, however, that for purposes of perfecting a lien or security interest in this Loan Agreement by the Trustee, whether under Article 9 of the Uniform Commercial Code of the State or otherwise, only the counterpart delivered to, and receipted by, the Trustee shall be deemed the original. Issuer may, at its option, require attestation of its counterpart signature to this Loan Agreement.

Section 8.5 Amendments, Changes and Modifications. Subsequent to the issuance of the Bonds and prior to payment or provision for the payment of the Bonds in full (including interest thereon) in accordance with the provisions of the Indenture and except as otherwise provided herein, the Loan Documents may not be amended, changed, modified, altered or terminated by the Issuer, the Trustee or the Borrower except in compliance with Article IX of the Indenture.

Section 8.6 Severability. In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof and such invalid or unenforceable provision shall be deemed no longer to be contained in this Loan Agreement.

Section 8.7 Notices. All notices, demands, requests, consents, approvals, certificates or other communications hereunder shall be effective if given in the manner required in Section 10.08 of the Indenture.

Section 8.8 Applicable Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the laws of the State. Any action arising hereunder shall be filed and maintained in San Diego County, California, unless the Issuer waives this requirement.

Section 8.9 Debtor Creditor Relationship. It is expressly understood and agreed that the relationship between the Issuer and the Borrower established by the transaction contemplated by this Loan Agreement and by all of the other Loan Documents is exclusively that of creditor or lender, on the part of the Issuer, and debtor or borrower, on the part of the Borrower and is in no way to be construed as a partnership or joint venture of any kind. It is further understood that all payments by the Borrower under the Loan Documents shall be exclusively on account of the said debtor/creditor relationship.

Section 8.10 Usury; Total Interest. This Loan Agreement is subject to the express condition, and it is agreed, that at no time shall payments hereunder, under the Notes or under the other Loan Documents that are or are construed to be payments of interest on the unpaid principal amount of the Loan reflect interest that is borne at a rate in excess of the maximum permitted by law. The Borrower shall not be obligated or required to pay, nor shall the Issuer be permitted to charge or collect, interest borne at a rate in excess of such maximum rate. If by the terms of this Loan Agreement or the other Loan Documents the Borrower is required to make such payments reflecting interest borne at a rate in excess of such maximum rate, such payments
shall be deemed to be reduced immediately and automatically to reflect such maximum rate. It is
further agreed that the total of amounts paid hereunder as interest on the Loan which is to pay
interest on the Bonds, cumulative from the date of the Notes, shall not exceed the sum of 5% per
month, simple and non-compounded for each month from such date to the date of calculation
(calculated on the basis of a 360-day year of twelve thirty-day months. Any such excess
payment previously made in either case shall be immediately and automatically applied to the
unpaid balance of the principal sum of the Loan and not to the payment of interest thereon. This
Loan Agreement is also subject to the condition that amounts paid hereunder representing late
payment or penalty charges or the like shall only be payable to the extent permitted by law.

Section 8.11 Term of this Loan Agreement. This Loan Agreement shall be in full force
and effect from its date to and including such date as all of the Bonds issued under the Indenture
shall have been fully paid or retired in accordance with their terms and the terms of the Indenture
(or provision for such payment shall have been made as provided in the Indenture), except,
however, that the covenants and provisions relating to the Reserved Rights of the Issuer and the
covenants relating to the preservation of exclusion from gross income of interest on the Bonds
for purposes of federal income taxation shall survive the termination hereof.

Section 8.12 Non-Recourse. Anything contained in any provision of this Loan
Agreement, the Mortgage, the Regulatory Agreement, the Borrower’s Tax Certificate or the
Notes notwithstanding, in the event of any proceeding to foreclose the Mortgage or otherwise to
enforce the provisions of the Notes, this Loan Agreement, the Mortgage or the Regulatory
Agreement after Stabilization, neither the Issuer, nor the Trustee or other holder of the Notes
(collectively, the “Noteholder”), nor any Owner of Bonds, nor any beneficiary of the Mortgage
shall be entitled to take any action to procure any personal money judgment or any deficiency
decree against the Borrower or any partner of the Borrower or its or their heirs, personal
representatives, successors and assigns, it being understood and agreed that recourse hereon and
under the Mortgage, the Regulatory Agreement and the Notes shall, following Stabilization, be
limited to the assets of the Borrower that are the security from time to time provided with respect
to the Notes and this Loan Agreement; provided, however, nothing herein contained shall limit
or be construed to limit or impair the enforcement against the Project or any other additional
security as may from time to time be given to the beneficiary hereof as security for the
performance of this Loan Agreement, the Mortgage, the Regulatory Agreement, the Borrower’s
Tax Certificate, the Notes, or any other instrument now or hereafter securing the Notes or this
Loan Agreement, or the rights and remedies of the Trustee or the beneficiary, its successors and
assigns, under this Loan Agreement, the Mortgage, the Regulatory Agreement, the Tax
Agreement or the Notes or any other instruments. Notwithstanding the foregoing, the provisions
of this Section shall be null and void and have no force and effect to the extent of any loss
suffered by the Issuer, the Trustee, any Bondholder or any beneficiary of or the trustee under the
Mortgage as a result of the Borrower’s: (a) committing any act of fraud; (b) misapplication of
any condemnation award or casualty insurance proceeds; (c) failure to apply the revenues of the
Project in the manner and for the purposes provided in the Bond Documents, whether before or
after an Event of Default; or (d) violation of any environmental laws. Nothing herein shall be
deemed to prohibit the naming of the Borrower in an action to realize upon the remedies
provided herein either at law or in equity, subject to the foregoing limitation against a personal
money judgment or deficiency decree against the Borrower, the partners of the Borrower or their
heirs, personal representatives, successors and assigns, or to prohibit the naming of any person in
any action to realize upon the remedies provided in the General Partner Documents, the Guarantor Documents or any other guaranty given in favor of the Issuer, the Trustee or the Servicer.

Section 8.13 PATRIOT Act Notice. Issuer hereby notifies Borrower and Guarantor that, pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies Borrower and Guarantor, which information includes the names and addresses of Borrower and Guarantor and other information that will allow Issuer to identify Borrower and Guarantor in accordance with the PATRIOT Act.
IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have caused this Loan Agreement to be executed in their respective names, all as of the date first above written.

(SEAL)

Attest

By: ____________________________
    Signature

______________________________
    Printed Name

______________________________
    Title

CALIFORNIA MUNICIPAL FINANCE
AUTHORITY

By: ____________________________
    Signature

______________________________
    Printed Name

______________________________
    Authorized Signatory
    Title
U.S. BANK NATIONAL ASSOCIATION

By: ____________________________

Signature

ANDREW Fung

Printed Name

Vice President

Title

Loan Agreement

S-2
AMCAL Pacific Pointe Fund, L.P.,
a California limited partnership

By: AMCAL Multi-Housing Two LLC
Its: Administrative General Partner

By: YCD MGP I, LLC,
a California limited liability company
Its: Managing General Partner

By: Young Community Developers, a California nonprofit public benefit corporation
Its: Sole Member and Manager

By: Shamann Walton, President
Witness
By: [Signature]

DionJay Brockie
Printed Name

AMCAL Pacific Pointe Fund, L.P., a California limited partnership
By: AMCAL Multi-Housing Two LLC
Its: Administrative General Partner
By: Arjun Nagarkatti, President

By: YCD MGP I, LLC, a California limited liability company
Its: Managing General Partner
By: Young Community Developers, a California nonprofit public benefit corporation
Its: Sole Member and Manager
By: Shamann Walton, President
EXHIBIT A

LEGAL DESCRIPTION OF REAL ESTATE

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

TRACT ONE:

Lot 70, as shown on the final map for Condominium purposes entitled "FINAL MAP NO. 4231", filed for record on August 12, 2009, in Survey Map Book "CC" at Pages 165 to 175, in the Official Records of the City and County of San Francisco, State of California, as amended by that certain Certificate of Correction recorded December 23, 2011, Instrument No. 2011-J324068-00, in Reel K549, Image 0531 in the Official Records of the City and County of San Francisco, State of California.

Assessor’s Parcel No.: Lot 103, Block 4591-C

TRACT TWO:

TEMPORARY NON-EXCLUSIVE EASEMENTS for street, roadway and public utility purposes, over, under, along and across all that property lying within Lot 155, also being a portion of Earl Street and Innes Avenue, lying Northwesterly of Donahue Street and Lots 156 and 157, also being a portion of Donahue Street, as shown on the final map for Condominium purposes entitled "FINAL MAP NO. 4231", filed for record on August 12, 2009, in Map Book "CC" at Pages 165 to 175, as amended by that certain Certificate of Correction recorded December 23, 2011, Instrument No. 2011-J324068-00, in Reel K549, Image 0531, in the Official Records of the City and County of San Francisco, State of California, as an appurtenance to Tract One described above.

Assessor’s Parcel Nos.: Lot 175 and Lot 177, Block 4591-C

TRACT THREE:

TEMPORARY NON-EXCLUSIVE EASEMENTS for street, roadway and public utility purposes, over, under, along and across all that property lying within Lot 172, also being a portion of Kirkwood Avenue and Lot 173, also being a portion of Friedell Street, as shown on the final map for Condominium purposes entitled "FINAL MAP NO. 4231", filed for record on August 12, 2009, in Map Book "CC" at Pages 165 to 175, as amended by that certain Certificate of Correction recorded December 23, 2011, Instrument No. 2011-J324068-00, in Reel K549, Image 0531, in the Official Records of the City and County of San Francisco, State of California, as an appurtenance to Tract One described above.

Assessor’s Parcel Nos.: Lot 192 and Lot 193, Block 4591-C
EXHIBIT B-1

FORM OF CONSTRUCTION NOTE

$17,511,200
October 1, 2014

FOR VALUE RECEIVED, AMCAL PACIFIC POINTE FUND, L.P., a California limited partnership (together with its permitted successors and assigns, “Borrower”), having an address of c/o AMCAL Housing, 30141 Agoura Road, Suite 100, Agoura Hills, CA 91301, promises to pay to the order of CALIFORNIA MUNICIPAL FINANCE AUTHORITY or its successors or assigns (the “Holder”), at its office at c/o Sierra Management Group, Financial Advisor, 2111 Palomar Airport Road, Suite 320, Carlsbad, CA 92011, or at such other place as may be designated in writing by the Holder, in legal tender of the United States, the principal sum of Seventeen Million Five Hundred Eleven Thousand Two Hundred Dollars ($17,511,200) as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Trust Indenture (as the same may be modified, amended or supplemented from time to time, the “Indenture”) dated as of even date herewith between California Municipal Finance Authority (the “Issuer”), and U.S. Bank National Association (the “Trustee”) or the Loan Agreement dated as of even date herewith among the Issuer, the Trustee and Borrower (as the same may be modified, amended or supplemented from time to time, the “Loan Agreement”).

This Note shall bear interest at the rate from time to time borne by the Construction Tax-Exempt Bonds, and Additional Interest shall be payable on this Note as provided in Section 3.2 of the Loan Agreement.

Commencing on the first day of the month immediately following the Closing Date and continuing until the sixth month following the Conversion Date, Borrower shall pay to the Trustee for deposit into the Revenue Fund all accrued and unpaid interest as of such date. Thereafter, Borrower shall pay to the Trustee for deposit into the Revenue Fund an amount equal to the sum of (i) the principal and interest next coming due on the Construction Tax-Exempt Bonds (after taking into account funds available for such purpose, if any, in the Capitalized Interest Account of the Project Fund) to pay the principal of and interest on the Bonds due and payable on each Bond Payment Date plus (ii) amounts required to be deposited into the Replacement Reserve Fund (pursuant to Section 5.22(c) of the Loan Agreement), the Tax and Insurance Fund (pursuant to Section 5.22(h) of the Loan Agreement) and the Operating Reserve Fund (pursuant to Section 5.22(i) of the Loan Agreement) as of such date. Amounts so paid to the Trustee by the Borrower shall be in immediately available funds or shall be such that on the Bond Payment Date they are available funds.

All payments under this Note shall be applied as provided in the Indenture.

The obligations of Borrower under this Note are secured by a Leasehold Construction Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing dated as of even
date herewith (as the same may be modified, amended or supplemented from time to time, the “Mortgage”) made by Borrower to the Holder covering property, with improvements thereon, as more fully described therein (the “Property”) and certain other security as more fully set forth in the Loan Agreement.

At no time shall interest be payable on this Note or under the Mortgage or the Loan Agreement at a rate in excess of the maximum permitted by law. Borrower shall not be obligated or required to pay, nor shall the Holder per permitted to charge or collect, interest at a rate in excess of such maximum rate. If by the terms of this Note or of the Mortgage or Loan Agreement, Borrower is required to pay interest at a rate in excess of such maximum rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such maximum rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

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

This Note is subject to all of the terms, conditions, and provisions of the Loan Agreement, including Section 8.12 thereof and the provisions of the Loan Agreement respecting prepayment and the acceleration of maturity and is further subject to all of the terms, conditions and provisions of the Indenture. The outstanding principal hereof is subject to acceleration at the same time or times and under the same terms and conditions, and with the same notice, if any, as provided under the Indenture for the acceleration of payment of the Construction Tax-Exempt Bonds.

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

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Note or the Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Note and the Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Borrower shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys’ fees and disbursements actually incurred, which costs may be added to the indebtedness hereunder, together with interest thereon at the Alternative Rate to the extent allowed by law.

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

Witness

By: [Signature]

Name: [Signature]

AMCAL Pacific Pointe Fund, L.P., a California limited partnership

By: AMCAL Multi-Housing Two, LLC, a California limited liability company, its Administrative General Partner

By: [Signature]

Arjun Nagarkatti, President

By: YCD MGP I, LLC, a California limited liability company, its Managing General Partner

By: Young Community Developers, Inc., a California nonprofit public benefit corporation, its sole member and manager

By: [Signature]

Shamann Walton, Executive Director
FOR VALUE RECEIVED, AMCAL PACIFIC POINTE FUND, L.P., a California limited partnership (together with its permitted successors and assigns, “Borrower”), having an address of c/o AMCAL Housing, 30141 Agoura Road, Suite 100, Agoura Hills, CA 91301, promises to pay to the order of CALIFORNIA MUNICIPAL FINANCE AUTHORITY or its successors or assigns (the “Holder”), at its office at c/o Sierra Management Group, Financial Advisor, 2111 Palomar Airport Road, Suite 320, Carlsbad, CA 92011 or at such other place as may be designated in writing by the Holder, in legal tender of the United States, the principal sum of Two Million Nine Hundred Sixty-Three Thousand Eight Hundred Dollars ($2,963,800) as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Trust Indenture (as the same may be modified, amended or supplemented from time to time, the “Indenture”) dated as of even date herewith between California Municipal Finance Authority (the “Issuer”), and U.S. Bank National Association (the “Trustee”) or the Loan Agreement dated as of even date herewith among the Issuer, the Trustee and Borrower (as the same may be modified, amended or supplemented from time to time, the “Loan Agreement”).

This Note shall bear interest at the rate from time to time borne by the Permanent Tax-Exempt Bonds, and Additional Interest shall be payable on this Note as provided in Section 3.2 of the Loan Agreement.

Commencing on the first day of the month immediately following the Closing Date and continuing until the sixth month following the Conversion Date, Borrower shall pay to the Trustee for deposit into the Revenue Fund all accrued and unpaid interest as of such date. Thereafter, Borrower shall pay to the Trustee for deposit into the Revenue Fund an amount equal to the sum of (i) the principal and interest next coming due on the Permanent Tax-Exempt Bonds (after taking into account funds available for such purpose, if any, in the Capitalized Interest Account of the Project Fund) to pay the principal of and interest on the Bonds due and payable on each Bond Payment Date plus (ii) amounts required to be deposited into the Replacement Reserve Fund (pursuant to Section 5.22(c) of the Loan Agreement), the Tax and Insurance Fund (pursuant to Section 5.22(h) of the Loan Agreement) and the Operating Reserve Fund (pursuant to Section 5.22(i) of the Loan Agreement) as of such date. Amounts so paid to the Trustee by the Borrower shall be in immediately available funds or shall be such that on the Bond Payment Date they are available funds.

All payments under this Note shall be applied as provided in the Indenture.

The obligations of Borrower under this Note are secured by a Leasehold Construction Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing dated as of even
date herewith (as the same may be modified, amended or supplemented from time to time, the “Mortgage”) made by Borrower to the Holder covering property, with improvements thereon, as more fully described therein (the “Property”) and certain other security as more fully set forth in the Loan Agreement.

At no time shall interest be payable on this Note or under the Mortgage or the Loan Agreement at a rate in excess of the maximum permitted by law. Borrower shall not be obligated or required to pay, nor shall the Holder per permitted to charge or collect, interest at a rate in excess of such maximum rate. If by the terms of this Note or of the Mortgage or Loan Agreement, Borrower is required to pay interest at a rate in excess of such maximum rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such maximum rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

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

This Note is subject to all of the terms, conditions, and provisions of the Loan Agreement, including Section 8.12 thereof and the provisions of the Loan Agreement respecting prepayment and the acceleration of maturity and is further subject to all of the terms, conditions and provisions of the Indenture. The outstanding principal hereof is subject to acceleration at the same time or times and under the same terms and conditions, and with the same notice, if any, as provided under the Indenture for the acceleration of payment of the Permanent Tax-Exempt Bonds.

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

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Note or the Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Note and the Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Borrower shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys’ fees and disbursements actually incurred, which costs may be added to the indebtedness hereunder, together with interest thereon at the Alternative Rate to the extent allowed by law.

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

Witness

By: ____________

Name

AMCAL Pacific Pointe Fund, L.P., a California limited partnership

By: AMCAL Multi-Housing Two, LLC, a California limited liability company, its Administrative General Partner

By: ____________

Arjun Nagarkatti, President

By: YCD MGP I, LLC, a California limited liability company, its Managing General Partner

By: Young Community Developers, Inc., a California nonprofit public benefit corporation, its sole member and manager

By: ____________

Shamann Walton, Executive Director
EXHIBIT C

PROJECT APPROVALS TO BE OBTAINED

Currently, Addendums 1, 2, 3, 4 and 5 (collectively, “Addendums”) are pending and are subject to an additional addendum process, which will include the submission of and San Francisco Department of Building Inspection approval of all additional drawings and calculations required for construction to demonstrate building code compliance. Addendum 1 for the foundation was submitted to the City of San Francisco Department of Building Inspection (“Building Department”) on August 28, 2014. Addendum 2 relates to the construction of the structure through the roof was submitted on September 16, 2014. Addendum 3, specific to the architectural, mechanical, plumbing and electrical portions, Addendum 4, related to the fire sprinklers, and Addendum 5 specific to the installation of fire alarms, have not yet been submitted to the Building Department.
EXHIBIT D

FORM OF APPROVED RESIDENTIAL LEASE

[SEE ATTACHED]
WELCOME TO OUR COMMUNITY

April 17, 2013

Dear JOHN DOE SAMPLE:

We would like to welcome you to We hope that you will enjoy your new home. To assist you in getting settled, we wish to take this opportunity to explain some of our services and confirm that the information we have in our files for you is correct. We also request that you provide your telephone number as soon as it is available.

RENTAL OFFICE HOURS

The rental office for your apartment maintains the following schedule:

**weekdays, 9am-12pm, 1pm-6pm**

Telephone: (TDD relay 1-800-735-2929)

PAYMENT OF RENT

- Rents are due in full on the first day of the month.
- Make checks or money orders payable to ______________. Payment can be made in person at the rental office or by using the “drop box” located at the rental office.
- Our records show that you moved in on ______________ and your rent is ______________ per month and that you have paid a security deposit of ______________. If this information is not correct, please contact our Corporate Office as follows:

  **FPI Management, Inc.**
  **800 Iron Point Road, Folsom, CA 95630**
  **(916) 357-5300**

MAINTENANCE

You are responsible for the routine upkeep of your apartment. Out of the ordinary maintenance such as leaking faucets, problems with heating, air-conditioning, etc. will be taken care of by management. To request service, please stop by the rental office and complete a service request during office hours. If you have an emergency after hours, please call ______________.

The management and maintenance staff is responsible for maintenance and repairs necessitated by normal wear and tear and usage. Repair of damage caused by resident negligence or misuse is the responsibility of the resident. In such cases repairs will be made by the maintenance staff, but the resident will be responsible for the cost of labor and materials. All maintenance billings are to be made payable to ______________.

SPECIAL HOUSING NEEDS

Should you find that you require special accommodation to make your apartment more accessible for you or any member of your household, please contact management.

Sincerely,

______________
Community Director
# LEASE CONTRACT

## PARTIES AND PREMISES INFORMATION

<table>
<thead>
<tr>
<th>Residential Community:</th>
<th>Residence No (Leased Premises):</th>
</tr>
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<tbody>
<tr>
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<tr>
<th>Residence Address (Leased Premises):</th>
<th>City:</th>
<th>State:</th>
<th>ZIP:</th>
<th>County:</th>
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<thead>
<tr>
<th>Office Address:</th>
<th>City:</th>
<th>State:</th>
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<th>Parking No:</th>
<th>Garage No:</th>
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<td>N/A</td>
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<th>Residents:</th>
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<tr>
<th>Owner Address:</th>
<th>County:</th>
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## OTHER OCCUPANTS

**Authorized Occupants:** (list all occupants other than those signing the Residential Contract)

<table>
<thead>
<tr>
<th>Dishonored Check/Chargeback Fee</th>
<th>Smoke/CO Alarm Tampering Fee</th>
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<th>Lease Termination Fee</th>
<th>Failure to Clean Pet Waste Fee</th>
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<th>Failure to Clean Garbage Fee</th>
<th>Parking Violation Fee</th>
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<tr>
<th>Late Rent Payment Fee</th>
<th>Late Payment of Utilities Fee</th>
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## CHARGES

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<th>Flea Spraying Charge</th>
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<th>MONTHLY PAYMENTS</th>
<th>DEPOSITS</th>
<th>ONE-TIME FEES</th>
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<td>Base Rent</td>
<td>Security Deposit</td>
<td>Application Fees</td>
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<tr>
<td>TOTAL MONTHLY PAYMENTS</td>
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**THIS RESIDENTIAL LEASE CONTRACT** (this "Agreement") is made and entered into as of ___________ by and between the Owner of the above named Residential Community ("Owner") and the above named individual residents, jointly and severally (hereinafter collectively "Residents"); Owner hereby leases to Residents the above listed Residence (the "Leased Premises") for use exclusively as a private residence, and not for any other purpose. The Leased Premises will also include a Parking Area and Storage Space if one is so designated above. If performance of this Agreement has been guaranteed by one or more third parties, separate guarantees have been attached to this Agreement.

1. **OCCUPANCY OF THE LEASED PREMISES.** The Leased Premises may be occupied solely by the Residents and Authorized Occupants identified above. All changes in occupants require prior written acceptance and approval of Owner. If an occupancy change is accepted and approved by Owner during the term of this Agreement, a new Residential Lease Contract or an amendment to this Agreement shall be executed. Subject to Section 22, any assignment or subletting without Owner’s prior written consent shall be void and shall, at Owner’s option, terminate this Agreement. It shall be a material violation of this Agreement and grounds for termination of the tenancy for Residents to permit any occupants other than the Residents and Authorized Occupants to reside in the Leased Premises. No other person may occupy or in any way reside in the Leased Premises in excess of either 14 consecutive days, or more than twice that number in any twelve (12) month period, otherwise, such persons shall be deemed to reside in the Leased Premises in violation of this Agreement.

**Initial:** ___________
2. TERM. This Agreement shall be a fixed term of __________. The initial term of this Agreement shall begin on the day of __________ and end at midnight the day of __________.

At the end of the term stated above, this Agreement term shall automatically renew as a month-to-month tenancy unless, thirty (30) days or more prior to the final date of the initial lease above, the Residents give the Owner written notice of Residents’ intent to vacate the Leased Premises as required by this Agreement, or unless the parties enter into a new Residential Lease Contract. After the first year of occupancy, at least 30 days or more prior written notice of intent to vacate the Leased Premises will be required. The ‘first year of occupancy’ includes all periods in which any of Residents have resided in the Leased Premises for one year or less.

3. SECURITY DEPOSIT. Residents have deposited with Owner the sum of $_____, the receipt of which is hereby acknowledged as a security deposit. All or a portion of the deposit may be retained by Owner in the event Residents become liable for the charges listed below. The retention of the Security Deposit shall not limit Owner’s right to proceed against Residents for claims above the amount of the Security Deposit.

Residents will be liable without limitation for the following charges, if applicable:

1) Failure to fully perform Residents duties imposed by statute, this Agreement or any Addendum to this Agreement; 2) Failure to clean, repair, or restore the Leased Premises and any appliances, furniture, fixtures, equipment and other property supplied by Owner to its condition at the commencement of this tenancy as evidenced by the inspection report, except normal wear and tear; or 3) Failure to pay any rent, returned check charges, late charges, utility charges or other charges which may be owed by Residents pursuant to this Agreement.

Residents may not use the security deposit to pay any month’s rent. Owner may withhold from the security deposit only such amounts as reasonably necessary to remedy Residents’ defaults, including but not limited to those listed above.

Keys, Permits And Access Devices. Residents acknowledge that they have been provided with 2 residence key(s), 1 mailbox key(s) and 1 entry card(s). Residents will be liable for a charge of $5.00 for replacing residence keys, $5.00 for replacing mailbox keys and $25.00 for replacing entry card(s).

4. RENT. Residents agree to pay to Owner as rent for the Leased Premises the sum of $____ per month. If the Residents’ occupancy initially commences on first day of the month, Residents agree to pay the first month’s full rent upon move-in. If the Residents’ occupancy initially commences on a date other than the 1st day of the month, Residents agree to pay $____ due the ___ of ____ as prorated rent for the ____ partial month. Rent and all other charges due Owner will be payable to ____________.

First Rent Payment. The rent due upon move-in shall be payable in the form of a cashier’s check or money order only.

Except as otherwise provided, said sum shall be paid in full, in advance with no grace period, and without demand on or before the first day of each month in the form of personal check, cashier’s check, and money order. Cash is not acceptable as a form of payment. All monthly payments must be made by one check, not multiple checks. Partial payment of rent is not acceptable at any time; all payment must be made in full to include all amounts due. Post-dated or third party checks will not be accepted. Payment made to the office will not be held at the request of anyone; all payment made to the office will be directly deposited. If in any month the rent is paid after the 6th day of the month, payment must be in the form of cashier’s check or money order. If Owner serves Residents with a notice to pay rent or surrender possession, which Owner may do on any date after the first day of the month, any payment tendered following service of said notice must be in the form of cashier’s check or money order. If one or more checks given by Residents are, for any reason whatsoever, returned unpaid by the bank upon which drawn, all subsequent payments for the balance of Residents’ occupancy of the Premises (including the payment necessary to replace the dishonored check) must be in the form of cashier’s check or money order unless Owner agrees, in writing, to waive this requirement. It is Residents’ responsibility to be certain that each payment is actually received by Owner on or before its due date. Use of a rental payment drop box, if one is provided by Owner, is for Residents’ convenience - the risk of receipt of funds by Owner when such box is used is Residents’, and not Owner’s, risk. The usual days and hours when rent payments may be made personally are: weekdays, 9am-12pm, 1pm-6pm.

Parking. Residents further agree to pay a charge of $0.00 per month as parking rent for space number(s): N/A. Residents must return all keys and access devices on or before the actual move-out date.

Owner shall not be liable for any damage or loss to motor vehicles of, or the contents of motor vehicles of, Residents and/or Residents’ guests or invitees. Failure of Residents or Residents’ guests or invitees to follow Community Rules and/or posted signs relating to parking and operation of vehicles will result in the towing of the offending vehicle at the cost of the vehicle owner. The location and number of any parking space(s) assigned to Residents may be changed at any time at the sole discretion of Owner. Parking or Carport spaces may not be used solely for storage purposes; a motor vehicle must be parked in the parking space(s) unless prior written Owner approval has been provided. Residents or guest or invitee shall not inhabit any parking space(s).

5. LATE PAYMENTS AND FEES. Owner and Residents agree that it is and will be impracticable and extremely difficult to fix the actual damages suffered by Owner in the event Residents make a late payment of rent, or when Residents make a payment that is
subsequently dishonored by the bank, and that the below charges represent a reasonable approximation of the damages Owner is likely to suffer from a late or dishonored payment. Owner and Residents further agree that this provision does not establish a grace period of the payment of rent, and that Owner may give Residents a written notice to pay or quit the premises in accordance with state law at any time after the payment is due. If Residents don’t pay rent on time, Residents will be delinquent and all remedies under this Agreement will be authorized. Owner will also have all other remedies for such violation as allowed by this Agreement and by law, including the submission of a negative credit report to a credit reporting agency, which may result in lowering Residents’ credit score.

**Late Payments.** If Owner has not received payment of any amount within 1 business day after it is due under this Agreement, Residents shall pay a late charge of **$50.00.**

**Returned Checks.** Residents shall pay Owner, as additional rent, a fee of $25.00 for each returned check and a charge of $35.00 for any additional returned checks. If Residents’ rent check is returned, Residents shall pay the rent and the applicable late fees and charges by money order or certified check. If Residents’ rent check is returned more than 1 times in any 12 month period, Residents may, at Owner’s option, be required to pay all future rent and other charges by money order or certified check, plus any and all costs required in the collection of said payment.

**6. UTILITIES.** Owner agrees, at Owner’s expense, to furnish the following utilities to the Leased Premises: **Water, Sewer and Garbage.**

Residents agree to pay all charges (including utility deposits) not supplied by Owner, assessed by the utility provider (or Owner, or Owner’s designated Billing Party) in connection with Residents’ use of utilities during the term of this Agreement, or the period of occupancy by the Residents, whichever is longer. Residents must not allow utilities to be disconnected—including disconnection for not paying bills—until the lease term or renewal period ends. Residents shall not waste utilities supplied by Owner. Residents shall properly use all electrical, water, gas and plumbing fixtures and appliances. Residents shall not install or operate a dishwasher, washing machine, clothes dryer or an air conditioning unit in the Leased Premises unless supplied by Owner or with Owner’s prior written approval. It is understood and agreed between Owner and Residents that in the event sub metered or allocation payments are not made when due, it shall be considered a default under this Agreement. Owner reserves the right, at any time a past due balance is owing on the utilities, to apply any and all funds received from the Residents, including funds paid as rent, first to the past due balance and then any remaining funds will be applied to Rent. Residents agree to this allocation of funds despite any limiting or restrictive endorsement contained on the payment. When the Residents move from the Leased Premises, the utility charges will be charged to and deducted from the security deposit.

Owner may modify the method by which the utilities are furnished to the Leased Premises or billed to Residents during the term of this Agreement. In the event of interruption or failure of utility services that Owner is required to furnish, Owner shall use reasonable diligence in its efforts to restore such services. Owner shall not be liable for any damages directly or proximally caused by interruption or failure of utility service unless such interruption or failure of utility service is solely due to Owner’s failure to pay for the provision of such services for the property to the service provider.

If a utility is individually metered, it must be connected in Residents’ names and Residents must notify the utility provider of Residents’ move-out date so the meter can be timely read. If Residents delay getting it turned on in Residents’ name by lease commencement or cause it to be transferred back into Owner’s name before Residents surrender or abandon the apartment, Residents will be liable for a **$20.00** charge, plus the actual or estimated cost of the utilities used while the utility should have been connected in Residents’ names. If Residents are in an area open to competition and the Leased Premises is individually metered, Residents may choose or change Residents’ retail electric provider at any time. If Residents qualify, Residents’ provider will be the same as Owner’s, unless Residents choose a different provider. If Residents choose or change Residents’ provider, Residents must give Owner written notice. Residents must pay all applicable provider fees, including any fees to change service back into Owner’s name after Residents move out.

**7. FAILING TO PAY FIRST MONTH’S RENT.** If Residents do not pay first month’s rent when or before this Agreement begins, Owner may end Residents’ right of occupancy and recover damages, including future rents (less any mitigation), reletting charges, and other lawful charges.

**8. RENT INCREASES AND LEASE CONTRACT CHANGES.** No rent increases or changes to this Agreement are allowed before the initial lease term ends, except for changes allowed by this Agreement, or by a written addendum or amendment signed by both parties, or by reasonable changes of the residential rules.

Owner will provide Residents a minimum of 30 days notice if Residents are on a month-to-month tenancy before Owner increases the rent (a maximum 10% increase over the previous 12 months). Owner will give Residents at least 60 days notice during a month-to-month tenancy before Owners raise the rent more than 10% (over the previous 12 months), unless the increase is caused by a change in Residents’ income or family composition as determined by a recertification required by statute or regulation.

**9. RISK OF LOSS OF RESIDENTS’ PROPERTY.** Residents shall bear the risk of loss of any and all of Residents’ personal property whether located in the Leased Premises, in garage/carport, designated storage areas or anywhere on the premises. Residents agree not to hold Owner, his/her agents and/or employees liable in any manner for or on account of any loss or damages sustained by reason of the acts or omissions of third parties, or arising from any casualty (including but not limited to fire, smoke, rain, flood, water and pipe
leaks, hail, ice, snow, lightning, wind, explosions, earthquakes, interruption of utilities, theft, hurricane, negligence of other residents, occupants, or invited/uninvited guests or vandalism, unless otherwise required by law). Residents understand and agree that Residents, his/her invitees or guests are not beneficiaries of any insurance policies held by the Owner or the Owner’s agents.

Owner highly recommends that Residents purchase a renter’s personal liability insurance policy for losses to Residents’ personal property or injuries due to theft, fire, water damage, pipe leaks, etc.

10. ALTERATIONS AND REPAIRS. Residents shall make no alterations to the Leased Premises without the prior written consent of Owner. Any alteration made to the Leased Premises by Residents after that consent has been given, and any fixtures installed as a part of that work, will at Owner’s option become the Owner’s property on the expiration or earlier termination of this Agreement, provided, however, that Owner shall have the right to require Residents to remove any fixtures at Residents’ cost on termination of this Agreement. Residents shall notify Owner of any dilapidations or other defective conditions on the Leased Premises that require repairs.

Residents agree not to install additional or different locks or gates on any doors or windows of the Leased Premises without written permission of Owner. If Owner approves Residents’ request to install such locks, Residents agree to provide Owner with a key for each lock.

IF RESIDENTS OR ANY OCCUPANT NEEDS TO SEND A NOTICE OR REQUEST - FOR EXAMPLE, FOR REPAIRS, INSTALLATIONS, SERVICES, OWNERSHIP DISCLOSURE OR SECURITY-RELATED MATTERS - ALL NOTICES MUST BE SIGNED AND IN WRITING TO OWNER (except in case of fire, smoke, gas, explosion, overflowing sewage, uncontrollable running water, electrical shorts, crime in progress, or fair housing accommodation or modification). Owner’s written notes on Residents’ verbal/oral request do not constitute a written request from Residents.

Owner’s complying with or responding to any verbal/oral request regarding security or any other matters doesn’t waive the strict requirement for written notices under this Agreement. Residents’ must promptly notify Owner in writing of: water leaks; mold; electrical problems; malfunctioning lights; broken or missing locks or latches; and other conditions that pose a hazard to property, health, or safety. Owner may change or install utility lines or equipment serving the Leased Premises if the work is done reasonably without substantially increasing Residents’ utility costs. Owner may turn off equipment and interrupt utilities as needed to avoid property damage or to perform work. If utilities malfunction or are damaged by fire, water, or similar cause, Residents must notify Owner’s representative immediately. Air conditioning problems are normally not emergencies. If air conditioning or other equipment malfunctions, Residents must notify Owner as soon as possible on a business day. Owner will act with customary diligence to make repairs and reconnections, taking into consideration when casualty insurance proceeds are received. Rent will not abate in whole or in part.

If Owner believes that fire or catastrophic damage is substantial, or that performance of needed repairs poses a danger to Residents, Owner may terminate this Agreement by giving Residents reasonable notice. Owner may also remove personal property if it causes a health or safety hazard. If this Agreement is so terminated, Owner will refund prorated rent and all deposits, less lawful deductions.

11. PERSONAL PROPERTY OF RESIDENTS. Upon vacating the premises, Residents shall remove all personal property from the Leased Premises.

If any personal property is left in the Leased Premises, Owner will provide Residents, by first class mail, postage prepaid (to the subject premises unless another address has been provided by Residents) the notice to reclaim abandoned property required by CAL. CIV. CODE Section 1984. Owner shall store any such personal property for eighteen days. If within that time period, Residents do not claim said property and pay for the costs of storage, Owner may dispose of said items, deemed in Owner’s good faith discretion to be worth less than $700.00 in value, in any manner Owner chooses.

12. DELIVERY OF PREMISES. Residents understand that, for reasons beyond the control of Owner, Owner may not be able to deliver possession of the Leased Premises to Residents on the commencement date if, for example, a former resident of the Leased Premises who has given notice to leave cancels the notice or fails to leave by the scheduled date. If, for any reason, Landlord is unable to provide occupancy to Residents by the scheduled commencement date, this Agreement shall remain in force, and Residents’ remedies in this event shall be limited to the following: 1) abatement of rent on a daily basis during delay; or 2) Residents may terminate this Agreement until the date that Owner delivers possession. Owner shall have no liability to Residents if there is a delay of possession other than promptly to refund any monies paid in the event of termination. Rent abatement or termination of this Agreement does not apply if delay is for cleaning or repairs that don’t prevent Residents from occupying the Leased Premises.

13. COMPLIANCE WITH RULES, LAWS, AND REGULATIONS. Residents receipt of a copy of the Residential Community’s Policies and Rules (“Rules”), which Rules are incorporated into and made a part of this Agreement. Residents agree to abide by said Rules in all respects. Owner may make reasonable changes to written rules, effective immediately, if they are distributed and applicable to the Residential Community and do not change the rent. Failure to comply with the Rules shall be deemed a breach of this Agreement.

Residents agree not to harass, annoy, or endanger any other resident or person, or create or maintain a nuisance, or disturb the peace or solitude of any other resident, or commit waste in or about the Premises. Residents are responsible for the conduct of his/her/their
guests or invitees while they are on the Property.

Certain acts are considered to be contrary to the safety, well being, peace, and enjoyment of the other residents of the Community. These include, but are not limited to: 1) violations of this Agreement, Leased Premises rules, or fire, safety, health, or criminal laws and regulations, regardless of whether or where arrest or conviction occurs; 2) Residents or occupants give incorrect or false answers in a rental application; 3) Residents or any occupant is arrested, charged, detained, convicted, or given deferred adjudication or pretrial diversion for a felony offense involving actual or potential physical harm to a person, or involving possession, manufacture, or delivery of a controlled substance, marijuana, or drug paraphernalia under a state statute, or any sex-related crime, including a misdemeanor; 4) any illegal drugs or paraphernalia are found in the Leased Premises; or 5) Residents or any occupant, in bad faith, makes an invalid habitability complaint to an official or employee of a utility company or the government.

Residents further agree not to harass, verbally abuse, denigrate or otherwise disrespect Owner’s employees, agents and/or contractors. Failure to abide by this policy will result in a written warning and will be grounds for termination of this Agreement if there are future violations.

14. USE OF LEASED PREMISES AND COMMON AREAS. Residents shall not do or permit anything to be done in or about the Leased Premises that will in any way obstruct or interfere with the rights of other tenants or occupants of the building or injure or annoy them or use or allow the Leased Premises to be used for any improper, unlawful, or objectionable purpose. Further, Residents shall not cause, maintain, or permit any nuisance in, on, or about the Leased Premises, or commit any waste in or on the Leased Premises, and shall promptly notify Owner in writing of any defective or potentially defective conditions, in the Leased Premises, or in the Community. Finally, Residents shall not put the Leased Premises to any use that violates local zoning ordinances or any other law applicable to the Leased Premises. Residents agree to reimburse and indemnify Owner for all fines or other penalties incurred by Owner as a result of the violation of any statute, ordinance, regulation or other governmental restriction by Residents, their guests or invitees. Any violation of this provision shall be deemed a material and incurable breach of this Agreement and shall entitle Owner to serve Residents with notice terminating the tenancy. Nothing set forth herein shall be deemed as disallowing any use of the premises that cannot legally be prohibited.

Residents further agree to the following: 1) Residents must keep the Leased Premises and areas reserved for private use clean and sanitary; 2) trash must be disposed of at least weekly in appropriate receptacles; 3) passageways may be used only for entry or exit; 4) amenity areas must be used with care in accordance with the Rules and posted signs; 5) glass is prohibited in all common areas; 6) conducting business of any kind in the Leased Premises or the Residential Community is prohibited, except that any lawful business conducted at home by computer, mail, or telephone is permissible if customers, clients, patients, or other business associates do not come to the Leased Premises for business purposes; 7) Owner may exclude from the community guests or others, who in Owner’s judgment, have been violating the law, violating this lease, or any apartment rules, which includes anyone who is disturbing other residents, neighbors, visitors, or owner’s representatives; 8) Owner may also exclude from any outside area or common area anyone who refuses to show identification or identify themselves as a guest, occupant or resident in the community; 9) Residents agree to notify Owner if Residents or any occupants are convicted of a felony, misdemeanor involving a controlled substance, violence to another or destruction of property or if any of the above register as a sex offender in any state.

15. WATERBEDS AND OTHER LIQUID FILLED FURNITURE. Waterbeds and other liquid filled furniture are allowed only with proper insurance coverage, and prior written approval of Owner. A certificate of insurance evidencing waterbed or other liquid filled furniture coverage must be provided to Owner prior to Residents bringing any liquid-filled furniture into the Leased Premises. The coverage limit must be maintained at not less than $100,000.00. Residents must provide Owner with at least 24-hours written notice prior to the installation, removal or movement of any liquid-filled furniture and Owner has the right to be present at the time of such installation, removal or movement. Installation movement and removal must be done in accordance with standards set by the manufacturer, retailer or state law, whichever provides the higher degree of safety. No aquariums over 10 gallons permitted without prior written consent of the Owner. If Owner permits Residents to install any liquid-filled furniture, the Security Deposit shall be increased by an amount stated in the corresponding attached addendum.

Residents agree to comply with all requirements and conditions of CAL. CIV. CODE Section 1940.5 in connection with the use of a waterbed or other furniture containing a liquid filling material on the Leased Premises.

16. SECURITY. Owner makes no representations or guarantees to Residents concerning the security of the Leased Premises or the Residential Community. Owner is under no obligation to Residents to provide any security measure or take any action not required by statute. The presence of courtesy patrols, patrol cars, access gates, surveillance cameras or other deterrents do not guarantee that crime can or will be prevented. All such systems are subject to personnel absenteeism, human error, mechanical malfunctions and tampering. Residents are responsible for planning and taking action with respect to the safety of Residents and their property as if such systems and deterrents did not exist.

Owner has no obligation to obtain criminal background checks on any Residents and bears no responsibility or liability related to the criminal background or actions (whether past, present or future) of any person, even if Owner has actually run a criminal background check on applicants. Residents shall not rely on the fact that Owner may have run a criminal background check on Residents or any
other applicant when deciding whether to enter into this agreement. Background checks are limited to the information actually reviewed and are not a guarantee that a person with a criminal background does not reside at the premises. Owner has not made and does not make any representations as to the background of any existing or future tenant and Owner is under no obligation to run background checks on any existing tenant or future applicant.

Residents agree to immediately report all suspected or actual criminal activity to the appropriate local law enforcement agencies and, after doing so, to Owner, and shall provide Owner with such law enforcement agency’s incident report number upon request.

17. HOLD HARMLESS FOR GUESTS. Residents agree to defend, protect, indemnify, and hold harmless the Owners and the Owner’s Agents against and from any and all claims, suits, liabilities, judgments, costs, demands, causes of action, and expenses, brought by Residents’ guests, invitees or any other person in the Leased Premises with Residents’ permission. If any action or proceeding is brought against Owner or Owner’s Agents by reason of any such claim, upon notice from the Owner, Residents shall defend the same at Residents expense by counsel reasonably satisfactory to the Owner.

18. LEASED PREMISES AND FURNISHINGS. Residents acknowledge that Residents have inspected the Leased Premises. Residents acknowledge that the Leased Premises are in a clean and good condition including painted surfaces, carpets, flooring, all furniture, furnishings, fixtures, equipment and appliances. It shall be conclusively presumed that said Leased Premises and all items, appliances and fixtures contained therein are in good working condition, unless Residents deliver a contrary statement in writing to Owner prior to the starting date of this Agreement. Residents agree to diligently maintain the Leased Premises, be responsible for the proper care of any and all furniture, furnishings, fixtures, appliances and equipment therein, and to keep the premises in a neat and clean condition. Residents promise to return the premises and all furniture, furnishings, fixtures, equipment and appliances to Owner in the same condition at the time Residents vacate the Leased Premises as when first rented. Residents agree to promptly notify in writing (maintenance request form) to management any defects, dilapidations, dangerous conditions, or other needed repairs as said conditions become evident. Residents agree to immediately reimburse Owner for any sums incurred by Owner to repair the premises or any item, fixture, appliance or appurtenance damaged by the misuse or neglect of Residents and/or Residents’ invitees or guests. This agreement may not be terminated due to disruption of any service, including necessary repairs, beyond the control of the Owner. Residents further acknowledges that the smoke detector is operable and it is the responsibility of Residents to replace batteries, as needed, and maintain the smoke detector in accordance with state law and the manufacturer’s recommendations.

19. ANIMALS. No animals are permitted without the prior written consent of the Owner. Any such consent may be revoked at any time, with or without cause, by giving ten (10) days written notice to the Residents. Except to the extent written permission is given, animals may not be brought upon the Premises, whether such animals belong to Residents or to any other person. The presence of any animals as to which written permission has not been given and is not currently in force, even if such animals are “just visiting,” shall be deemed a material and incurable breach of this Agreement and shall be cause for the service of a notice terminating the tenancy. Service animals or companion animals are not subject to these provisions; however, Owner may require a written statement from a qualified professional verifying the need for the service or companion animal.

20. ACCESS. Owner may enter the Leased Premises only under the following circumstances: 1) in case of emergency; 2) to make necessary or agreed repairs, decorations, alterations, or improvements; 3) to supply necessary or agreed services; 4) to exhibit the Leased Premises to prospective or actual purchasers, mortgagees, tenants, workers, or contractors; 5) if Residents abandon or surrender the Leased Premises; 6) Pursuant to court order; or 7) to perform an inspection of the Leased Premises under any circumstances permitted by state law.

Owner will give Residents at least 24 hours notice of Owner’s intent to enter unless a) an emergency exists, b) Residents have abandoned or surrendered the Leased Premises, or c) it is impracticable to do so. Further, Owner will enter only during regular business hours unless i) an emergency exists, ii) Residents have abandoned or surrendered the Leased Premises, or iii) Residents consent, at the time of an entry that is not during normal business hours, to the entry.

Residents agree that if they deny Owner access to the Premises when Owner is in compliance with statutory requirements and entitled to access, any such denial of access shall be deemed a material and incurable breach of this Agreement and shall entitle Owner to serve Residents with a notice terminating the tenancy.

21. MULTIPLE RESIDENTS OR OCCUPANTS. Each resident is jointly and severally liable for all obligations under this Agreement. If Residents or any guest or occupant violates this Agreement or rules, all residents are considered to have violated this Agreement. Owner’s requests and notices (including sale notices) to any Residents constitute notice to all residents and occupants. Notices and requests from Residents or occupants (including notices of lease termination, repair requests, and entry permissions) constitute notice from all residents. Security deposit refunds and deduction itemizations of multiple residents will comply with this Agreement.

22. REPLACEMENTS AND SUBLetting. Replacing a resident, subletting, or assignment of the Leased Premises is not permitted. Any assignment or subletting shall be void and constitutes a material breach of this Agreement.
23. **RESPONSIBILITIES OF OWNER.** Owner will act with customary diligence to: 1) keep common areas reasonably clean; 2) maintain fixtures, hot water, heating, and any A/C equipment; 3) substantially comply with all applicable laws regarding safety, sanitation, and fair housing; and 4) make all reasonable repairs, subject to Residents’ obligation to pay for damages for which Residents are liable.

If the Leased Premises becomes “untenantable” under the applicable provisions of California Civil Code, Residents may terminate this Agreement by following the appropriate statutory procedures and Residents may exercise any applicable statutory remedies including the right to repair and deduct the cost from rent afforded CAL. CIV. CODE Section 1942.

24. **REMEDIES IN THE EVENT OF DEFAULT.** Owner and Residents agree that every condition, covenant, and provision of this Agreement is material and reasonable. Any breach by Residents of a condition, covenant, or provision of this Agreement will constitute a material breach. For any material breach by Residents, Owner may provide Residents with a written notice that describes the breach and demands that Residents cure the default (if a cure is possible). If Residents do not cure the default within the greater of three days or the time period required by state statute, or if a cure is not possible, this Agreement will be terminated.

No action by Owner, except a written notice of termination given to Residents, shall be deemed a termination of this Agreement. Specifically, the following do not constitute a termination of Residents’ right to possession: 1) Owner’s acts of maintenance or preservation of the property; 2) Owner’s efforts to relet the Leased Premises; 3) The appointment of a receiver on Owner’s initiative to protect Owner’s interest under this Agreement; 4) Owner’s withholding of consent to a subletting or assignment, or terminating a subletting or assignment, if the withholding or termination does not violate Residents’ rights to sublet or assign as specified in this Agreement.

If Residents move out early without Owner’s written consent or without paying Owner a negotiated lease termination fee, Residents will be liable to Owner for actual damages, including liability for rents during the entire remainder of Residents’ lease term (less mitigation and for the cost of finding and processing a replacement resident, paying a locater service, fees, cleaning, make-ready costs, recouping rent concessions, etc.). In addition to any other rights and remedies allowed by law, Owner shall have the remedies set forth in CAL. CIV. CODE Section 1951.2.

Residents or any occupants, invitees, or guests must not hold over beyond the date contained in Residents’ move-out notice or Owner’s notice to vacate (or beyond a different move-out date agreed to by the parties in writing). If a holdover occurs, then: a) holdover rent is due in advance on a daily basis and may become delinquent without notice or demand; b) rent for the holdover period will be increased to market rents, without notice; and c) Residents be liable to Owner (subject to Owner’s mitigation duties) for all rent for the full term of the previously signed Residential Lease Contract of a new resident who can’t occupy because of the holdover; and d) at Owner’s option, Owner may extend the lease term - for up to one month from the date of notice of lease extension - by delivering written notice to Residents or the Leased Premises while Residents continue to hold over.

25. **PAYMENTS.** Owner may allocate any payments by Residents to any outstanding charges owed to Owner, regardless of Residents’ designation of the payment as rent. At Owner’s option and without notice, Owner may apply money received to the following:

(other than sale proceeds from property left in the Leased Premises, or utility payments subject to governmental regulations) first to any of Residents’ unpaid obligations, then to current rent - regardless of notations on checks or money orders and regardless of when the obligations arose. All sums other than rent are due upon Owner’s demand. After the due date, Owner does not have to accept the rent or any other payments.

26. **MOVE-OUT NOTICE PROCEDURES.** Before moving out, Residents must give Owner advance written move-out notice as provided in section two (2) of this Agreement. Residents’ move-out notice will not release Residents from liability for the full term of this Agreement or the renewal term. Residents will still be liable for the entire lease term if Residents move out early, except under the military exemption or by a written addendum or amendment signed by both parties. RESIDENTS’ MOVE-OUT NOTICE MUST COMPLY WITH THE FOLLOWING:

1) Residents’ Move-Out Notice must be in writing;
2) Residents’ Move-Out Notice must not terminate this Agreement sooner than the end of the lease term or the renewal period;
3) Owner must receive advance written notice of Residents’ move-out date. The advance notice must be at least the number of days of notice required by this Agreement. However, if a move-out notice is received on the first, it will suffice for move-out on the last day of the month of intended move-out, provided that all other requirements above are met.

RESIDENTS’ NOTICE IS NOT ACCEPTABLE IF IT DOES NOT COMPLY WITH ALL OF THE ABOVE. Please use Owner’s written move-out form. Residents must obtain from Owner a written acknowledgement that Owner received Residents’ move-out notice. If Owner terminates this Agreement, Owner must give Residents the same advance notice - unless Residents are in default.

The move-out date can’t be changed unless both parties agree in writing. Residents’ won’t move out before the lease term or renewal period ends unless all rent for the entire lease term or renewal period is paid in full. Early move-out may result in reletting charges and liability for future rent under this Agreement and applicable law. Residents are prohibited from applying any security deposit to rent. Residents will not stay beyond the date Residents are supposed to move out. Residents must give Owner and the U.S. Postal Service, in writing, each Residents’ forwarding address.

Initial: ___________________________ 7
27. CLEANING. Residents must thoroughly clean the Leased Premises, including doors, windows, furniture, bathrooms, kitchen appliances, patios, balconies, garages, carports, and storage rooms. Residents must follow move-out cleaning instructions if they have been provided. If Residents don’t clean adequately, Residents will be liable for reasonable cleaning charges—including charges for cleaning carpets, draperies, furniture, walls, etc. that are soiled beyond normal wear (that is, wear or soiling that occurs without negligence, carelessness, accident, or abuse). Owner may deduct the cost of carpet cleaning regardless of whether the Residents clean the carpet before delivery of possession.

28. DEPOSIT RETURN, SURRENDER, AND ABANDONMENT. Owner will mail Residents the security deposit refund (less lawful deductions) and an itemized accounting of any deductions no later than 21 days after surrender or abandonment, unless statutes provide otherwise.

Residents have surrendered the Leased Premises when: 1) the move-out date has passed and no one is living in the Leased Premises in Owner’s reasonable judgment; or 2) all keys and access devices to the Leased Premises have been turned in where rent is paid - whichever date occurs first.

Residents have abandoned the Leased Premises when all of the following have occurred: a) Residents’ rent has been due and unpaid for at least 14 days; b) Owner has given Residents written notice of such belief and Owner’s intent to terminate this Agreement because of Residents’ delinquency; c) Owner’s notice of abandonment follows substantially the form in CAL. CIV. CODE Section 1951.3(d); d) such notice is given by (i) personal delivery to Residents; or (ii) first class mail, postage prepaid to Residents’ last known address; e) the lease termination date in that notice is at least 15 days after personal delivery or 18 days after mailing; and f) such 15 or 18 day notice period has expired without response from Residents as per CAL. CIV. CODE Section 1951.3. If Owner has reason to believe Residents won’t receive the notice at Owner’s last known address, Owner will, at the same time Owner mails the above notice to Residents’ last known address, mail a copy of any other addresses that are known to Owner where Residents could reasonably be expected to receive the notice.

Surrender, abandonment, or judicial eviction ends Residents’ right of possession for all purposes and gives Owner the immediate right to: clean up, make repairs in, and relet the Leased Premises; determine any security deposit deductions; and remove property left in the Leased Premises. Surrender, abandonment, and judicial eviction affect Residents’ rights to property left in the Leased Premises, but do not affect Owner’s mitigation obligations.

29. RELEASE OF RESIDENTS. Unless Residents are entitled to terminate this Agreement by law or pursuant to its terms, Residents won’t be released from this Agreement for any reason—including but not limited to voluntary or involuntary school withdrawal or transfer, voluntary or involuntary job transfer, marriage, separation, divorce, reconciliation, loss of co-residents, loss of employment, bad health, death, or property purchase.

30. MILITARY PERSONNEL CLAUSE. Residents may terminate this Agreement if Residents enlist or are drafted or commissioned in the U.S. Armed Forces. Residents may also terminate this Agreement if:

1) Residents are (i) members of the U.S. Armed Forces or reserves on active duty or (ii) members of the National Guard called to active duty for more than 30 days in response to a national emergency declared by the President; and

2) Residents receive orders for permanent change-of-station, receive orders to deploy with a military unit or as an individual in support of a military operation for 90 days or more, or (iii) are relieved or released from active duty.

After Residents deliver to Owner written termination notice, this Agreement will be terminated under this military clause 30 days after the date on which Residents next rental payment is due. Residents must furnish Owner a copy of Residents military orders, such as permanent change-of-station orders, callup orders, or deployment orders or letter. Military permission for base housing doesn’t constitute a permanent change-of-station order. After Residents move out, Owners will return Residents’ security deposit, less lawful deductions. For the purposes of this Agreement, orders described in c) above will only release the resident who qualifies under a) and b) above and receives the orders during the term of this Agreement and such resident’s spouse or legal dependents living in the resident’s household. A co-resident who is not a spouse or dependent of Residents’ cannot terminate under this military clause.

Unless Residents state otherwise in this Agreement, Residents represent when signing this Agreement that: i) Residents do not already have deployment or change-of-station orders; ii) Residents will not be retiring from the military during the lease term; and iii) the term of Residents enlistment or obligation will not end before the term of this Agreement ends. Liquidated damages for making a false representation of the above will be the amount of unpaid rent for the remainder of the lease term when and if Residents move out (less mitigation). Residents must immediately notify Owner if Residents are called to active duty or receive deployment or permanent change-of-station orders.

31. DISCLOSURE RIGHTS. If someone requests information on Residents or Residents’ rental history for law enforcement, governmental, or business purposes, Owner may provide it.

32. WAIVER. Owner’s failure on any occasion to require strict compliance with any provision of this Agreement or to exercise any rights arising hereunder shall not be deemed a waiver of Owner’s right to subsequently enforce any such provision or to insist upon any such right. The fact that Owner may have accepted late payment(s) on one or more occasions shall not be deemed a waiver of Owner’s
right to insist upon timely payment of rent nor to exercise any remedy available for late payment of rent. Acceptance of rent following a breach of this agreement shall not be deemed to constitute a waiver of such breach. No custom or practice which may develop between the parties in the course of the tenancy shall be construed to waive the right of Owner to enforce any provision of this Agreement.

Owner’s representatives (including management personnel, employees, and agents) have no authority to waive, amend, or terminate this Agreement or any part of it, unless in writing, and no authority to make promises, representations, or agreements that impose security duties or other obligations on Owner or Owner’s representatives unless in writing. Except when notice or demand is required by statute, Residents’ waive any notice and demand for performance from Owner if Residents’ default. Written notice to or from Owner’s agents or representatives managers constitutes notice to or from Owners. All notices must be signed.

33. SEVERABILITY. If a provision or paragraph of this Agreement is legally invalid, or declared by a court to be unenforceable, such provision or paragraph will be deemed deleted and the rest of this Agreement remains in effect. To the extent that any provision of this Agreement is in conflict with any provisions of applicable law, such provision is hereby deleted, and any provision required by applicable law which is not included in this Agreement is hereby inserted as an additional provision of this Agreement, but only to the extent required by applicable law and then only so long as the provision of the applicable law is not repealed or held invalid by a court of competent jurisdiction.

34. MISCELLANEOUS. Neither Owner nor any of Owner’s representatives have made any oral promises, representations, or agreements. This Agreement is the entire agreement between Owner and Residents. All remedies are cumulative. This Agreement binds and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of Owner and Residents; provided, however, that nothing in this paragraph shall be construed as a consent by Owner to any assignment of this Agreement or any interest in it by Residents. Neither an invalid clause nor the omission of initials on any page invalidates this Agreement. This Agreement is subordinate to existing and future recorded mortgages, unless the owner’s lender chooses otherwise. All obligations in this Agreement must be performed in the county where the Leased Premises is located.

Attorney’s Fees. In the event of any litigation relating to this Agreement or the rights or liabilities of any party arising hereunder, the prevailing party of such litigation shall be entitled to its costs, including reasonable attorney’s fees, incurred in such litigation, not to exceed a maximum total of $1,000.00 fees and costs. In the event any such litigation is dismissed prior to trial, the parties agree that there shall be no prevailing party for purposes of an award of attorney’s fees and/or costs. An eviction or unlawful detainer action shall be considered an action relating to this Agreement and thus subject to this provision.

Noise. This property is located near an area where neighborhood social activity may continue late into the evening. Owner and its employees are not responsible for the actions of the public or private establishments, and cannot control the level of noise that may exist after hours. Residents acknowledge that these conditions may effect Residents’ use and quiet enjoyment of the Leased Premises, and Residents accept these conditions as noted.

_____ (Residents’ Initials)

Zero Tolerance Crime Policy. Residents, any member of Residents’ household, or a guest, invitee, or other person under the control of the Residents shall not engage in criminal activity, including drug-related criminal activity, on or near the Residential Community or the Leased Premises. “Drug-related criminal activity” means the intentional illegal manufacture, sale, distribution, use, or possession of a controlled substance (per 21 U.S.C. § 802).

Residents, any member of Residents’ household, or a guest, invitee, or other person under the control of Residents shall not engage in any act intended to facilitate criminal activity, including drug-related criminal activity, gang activity, or illegal defacement of property with graffiti or otherwise, on or near public or private property and the Leased Premises.

Residents, any member of Residents’ household, or a guest, invitee, or other person under the control of Residents shall not permit the Residential Community or the Leased Premises to be used for, or to facilitate criminal activity, including drug-related criminal activity, regardless of whether the individual engaging in such activity are the Residents, members of Residents’ household, invitee, or other person under the control of Residents.

Residents, any member of Residents’ household, or a guest, invitee, or other person under the control of Residents shall not engage in the unlawful manufacturing, selling, using, storing, keeping, possessing, or giving of a controlled substance at any location within, or near the Residential Community or the Leased Premises.

Residents, any member of Residents’ household, or a guest, invitee, or other person under the control of Residents shall not engage in any illegal activity, including, but not limited to, prostitution, criminal street gang activity, threatening or intimidating any person whomsoever, assault, the unlawful discharge of firearms, or unlawfully brandishing any weapon whatsoever, or any breach of this Agreement that jeopardizes the health, safety and welfare of the Owner, other tenants, or any other person whomsoever, or involving imminent serious property damage.

Violations of the above provisions shall be a material and irreparable violation of this Agreement, and good cause for termination of the
tenancy. A single violation of any provision of this Zero Tolerance Crime Policy shall be deemed a serious violation and a material and irreparable noncompliance. It is understood that such single violation shall be good cause for immediate termination of this Agreement. Unless otherwise provided by law, proof of violation shall not require criminal conviction, but may be proved to exist by a mere preponderance of the evidence.

Registered Sex Offender Notice. Pursuant to CAL. PENAL CODE Section 290.46, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender’s criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. Since the information is equally available to Residents and Owner, and Owner cannot discriminate against Registrants pursuant to CAL. PENAL CODE Section 290.46 et seq., Owner has not made any inquiry of any applicant or tenant as to whether he or she is a Registrant. Residents are advised to take whatever reasonable and lawful actions Residents believe necessary to protect household members or guests against any potential harm. This includes talking to any children or individuals with a diminished capacity about how to deal with strangers and similar topics. Residents are advised that Owner may not notify Residents if Owner learns or is advised that a Registrant is living in the Apartment Community. The existence of registered offenders in the Apartment Community is not grounds for breaking this Agreement.

Proposition 65. The state of California requires Owners to warn Residents if the Premises as well as the common areas in and around the Apartment Community contain at least one of the following chemical(s) known to the State of California to cause cancer or reproductive toxicity, and for which warnings are now required. These chemicals include, but are not limited to: tobacco, smoke, lead and lead components, asbestos, carbon monoxide and gasoline components. More information on specified exposures is available at www.prop65apt.org and CAL. HEALTH & SAFETY CODE Section 25249.

Authorized Owner/Agent, Notices, Demands, and Service of Process. (If different than listed above) FPI Management, Inc., 800 Iron Point Road, Folsom, CA 95630. (916) 357-5300 is authorized to manage the Leased Premises on behalf of the Owner, and is authorized to act on behalf of Owner for the purpose of receiving service of process and receiving notices and demands.

Estoppel Certificate. Residents agree to sign and deliver to Owner an estoppel certificate, in a form provided by Owner, within 14 days of receipt. The estoppel certificate acknowledges that: 1) this Agreement is in full force and effect and is unmodified (except as specifically set forth); and 2) Residents have no claims against Owner (except as specifically set forth). Failure to comply with this requirement shall be deemed to be an acknowledgment by Residents that the facts set forth in the estoppel certificate are true, and may be relied on by a purchaser or lender.

35. ATTACHMENTS TO THE AGREEMENT. The Residents certifies that he/she has received a copy of this Agreement and the below listed attachments to this Agreement, and understands that these attachments are part of this Agreement.

- Move-In Orientation
- Welcome Letter
- Bed Bug Addendum
- Community Policies
- Emergency Maintenance Addendum
- Facilities Addendum
- Key and Entry Device Receipt
- Low Income Housing Tax Credit Lease Rider
- Maintenance and Safety Tips
- Mold/Moisture Disclosure Statement
- Move-In Resident File Checklist
- Move-In/Move-Out Itemized Statement
- Notice By Company Performing Pest Control
- Parking and Towing Procedures
- Pet Addendum
- Release from Liability
- Rent Collection Policies
- Resident Contact Information
- Satellite Dish Installation
- Security Release Addendum
- Service Request Procedure
- Smoke Detector Agreement
- Sprinkler System Addendum
- Tax Credit Addendum
- Window Safety Addendum
- Appeal Grievance Policy
36. **SIGNATORIES.** The undersigned Residents, whether or not in actual possession of the Leased Premises, are jointly and severally responsible for all obligations arising hereunder. This Agreement shall not be considered to be in full force and effect until signed by Owner. Owner may, without liability, refuse to enter into this Agreement and may refuse to allow Residents to occupy the Leased Premises at any time prior to signing this Agreement. Anything to the contrary in this provision notwithstanding, Residents shall be fully liable for all obligations arising hereunder, and Owner may enforce the provisions of this Agreement as against Residents if, for any reason or by any means, Residents obtain occupancy to the Leased Premises before such time as this Agreement has been signed by Owner or Owner’s authorized agent.

This Agreement provides for the automatic renewal of this Agreement as a tenancy from month-to-month at the expiration of the initial lease term unless 1) proper move-out or vacate notice is given; or 2) Residents and Owner agree otherwise in writing.

INTENDING TO BE BOUND, the parties hereto have executed this Agreement as of the day and year first written above.

<table>
<thead>
<tr>
<th>JOHN DOE SAMPLE (Resident)</th>
<th>Date</th>
<th>(Owner/Agent)</th>
<th>Date</th>
</tr>
</thead>
</table>

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*Initial:*
Your new address is: We are committed to providing you with happiness in your new home.

As a reminder to help you get settled in your new home, we have provided a list of changes that may be required for your new home. Please let us know if we can provide you any additional information about the area to make your move easier.

- Electric and Gas Service arranged.
  - Electric Company: ______________ Telephone No.
  - Gas Company: ______________ Telephone No.
  - Other: ______________ Telephone No.
- Telephone service arranged.
- Cable service arranged.
  - Cable Company: ______________ Telephone No.
- Registered children in school.
- Change address on drivers license.
- Order new checks.
- Notified post office of my new address.
- Notified magazine subscriptions of my new address.
- Notified creditors of my new address.

Your scheduled move-in date is ______________ Please bring a **cashier’s check or money order only**, in the amount of **$32.00**. Allow approximately thirty minutes for your move-in orientation.

For your convenience, our rental center is open: **weekdays, 9am-12pm, 1pm-6pm**

Our commitment to excellence and resident satisfaction is our top priority! If there is anything we can do to make your move any easier, please do not hesitate to call.

Sincerely,

[Team Name]

[Telephone Number]

[Email Address]
**BEDBUG ADDENDUM**

This is an addendum to the Residential Lease Contract dated, between, ("Owner") and, ("Residents") for the residence located at, (the "Leased Premises").

It is our goal to maintain the highest quality living environment for our Residents. The Owner has inspected the premises prior to executing this Agreement and knows of no bedbug infestation. Residents have an important role in preventing and controlling bed bugs. While the presence of bed bugs is not always related to personal cleanliness or housekeeping, good housekeeping will help control the problem by identifying bed bugs, minimizing an infestation, and limiting its spread. It is important to underscore that travelers are mainly responsible for the transfer of bed bugs.

Residents represent that all furnishings and other personal property that will be moved into the Leased Premises are free of bedbugs.

_______ (Residents Initials)

Residents agree to maintain the premises in a manner that prevents the occurrence of a bed bug infestation in the premises. Residents further agree to uphold this responsibility in part by complying with the following list of responsibilities:

1. Residents will practice good housekeeping, including the following:
   - Residents will check for hitch-hiking bedbugs. If you stay in a hotel or another home, inspect your clothing, luggage, shoes, and belongings for signs of bed bugs before you enter your apartment. Check backpacks, shoes, and clothing after visits to friends or family, theaters, or after using public transportation. After guests visit, inspect beds, bedding, and upholstered furniture.
   - Residents will remove clutter. Bed bugs like dark, concealed places, such as in and around piles of clothing, shoes, stuffed animals, laundry, especially under the bed and in closets. Reducing clutter also makes it easier to carry out housekeeping.
   - Residents will keep the unit clean. Vacuum and dust regularly, particularly in the bedroom, being especially thorough around and under the bed, drapes, and furniture. Use a brush attachment to vacuum furniture legs, headboard, and in and around the nightstand. While cleaning, look for signs of bed bugs, and report these immediately.
   - Residents will arrange furniture to minimize bed bug hiding places. If possible, keep beds and upholstered furniture several inches away from the walls. Bed bugs can jump as far as three inches.
   - Residents will cover mattresses and box springs with zippered covers that are impermeable to bed bugs. These are relatively inexpensive, and can prevent bed bugs from getting inside the mattress, their favorite nesting spot. The covers will also prevent any bugs inside from getting out; they will eventually die inside the sealed cover (though this may take many months). Thicker covers will last longer.
   - Residents will avoid using appliances, electronics and furnishings that have not been thoroughly inspected for the presence of bedbugs. Make sure that the electronics, appliance, or furniture company has established procedures for the inspection and identification of bed bugs or other pests. This process should include inspection of trucks used to transport appliances, electronics, or furniture. Never accept an item that shows signs of bedbugs. Never take discarded items from the curbside or trash enclosures.

2. Residents will report any problems immediately. Specifically, Residents will:
   - Report any signs of bed bugs immediately. Do not wait. Even a few bugs can rapidly multiply to create a major infestation that can spread from unit to unit.
   - Report any maintenance needs immediately. Bed bugs like cracks, crevices, holes, and other openings. Request that all openings be sealed to prevent the movement of bed bugs from room to room.

3. Residents will cooperate with pest control efforts. If your unit (or a neighbor’s unit) is infested with bed bugs, a pest management professional may be called in to apply pesticides. The treatment is more likely to be effective if your unit is properly prepared. Residents will comply with the recommendations from the pest management professional, including:
   - Removing all bedding (bed skirts too), drapes, curtains, and small rugs; bag these for transport to the laundry or dry cleaner.
   - Checking mattresses carefully, those with minimal infestation may be cleaned, encased in vinyl covers, and returned to service. Heavily infested mattresses are not salvageable; seal these in plastic and dispose of them properly.
   - Emptying dressers, nightstands, and closets. Remove all items from floors and surfaces. Inspect every item for signs of bed bugs. Using sturdy plastic bags, bag all clothing, shoes, boxes, toys, stored goods, etc. Bag washable and non-washable items separately. Take care not to tear the bags, and seal them well. Used bags must be discarded properly.
   - Vacuuming floors, including inside closets. Pay special attention to corners, cracks, and dark places.
   - Vacuuming all furniture, including inside drawers and nightstands. Vacuum mattresses, box springs, and upholstered furniture, being sure to remove and vacuum all sides of loose cushions, as well as the undersides of furniture.
   - Carefully removing vacuum bags, sealing bags in plastic, and discarding.
   - Cleaning all machine-washable bedding drapes, clothing, etc. Use the hottest water the machine provides, and dry at highest heat setting. Take other items to a dry cleaner, but be sure to advise the dry cleaner that the items are infested. Discard any items that cannot be decontaminated.
• Moving furniture toward the center of the room, so that technicians can easily treat carpet edges where bed bugs congregate, as well as walls and furniture surfaces. Be sure to leave easy access to closets.

4. Residents agree to indemnify and hold harmless the Owner from any actions, claims, losses, damages, and expenses, including, but not limited to, attorneys' fees that the Owner may sustain or incur as a result of the negligence of the Residents or any guest or other person living in, occupying, or using the premises.

INTENDING TO BE BOUND, the parties hereto have executed this Addendum as of the day and year first above written.

JOHN DOE SAMPLE (Resident)  Date  (Owner/Agent)  Date
COMMUNITY POLICIES

We, the Management for _, strive to make your living experience in our apartment community pleasant and comfortable. The following regulations were designed for your comfort and convenience, for you and your neighbors. We wish to take this opportunity to tell you about them:

"Premises" as used in the Community Policies include not only the apartment, but all of the land and improvements including any parking lots, driveways and common areas privately owned by the Owner/Agent and generally referred to as the apartment community.

SECTION A: PROPERTY/MOVE-IN INFORMATION

1. OFFICE HOURS: The Rental Office is open on the days posted. Office hours are as posted on the office and/or on the bulletin board. In case of emergency, Management may be contacted after office hours via answering service/pager system.

2. RENT COLLECTIONS: All rents are due and payable to Management at the Rental Office on or before the FIRST DAY OF EACH MONTH. Please make check or money order payable to the apartment community. CASH PAYMENTS ARE NOT ACCEPTED.

3. LATE CHARGES: All rents collected on the 5th day of the month or thereafter are subject to a rent late fee as specified in your rental agreement. Rent is due on the first day of the month. Late payment after the first day of the month is a courtesy and should not be abused. Three late payments in a twelve (12) month period is considered material non-compliance for chronic late payment of rent.

Collection of Late Rent: The following step-by-step procedure will be used to collect all rent in arrears:

   a) A notice to pay rent or quit will be served.
   b) Unlawful Detainer Action for possession will be initiated.

4. RETURNED/NSF CHECKS: If Resident offers one returned check, Resident will be notified that Management will not accept any further personal checks, and rents thereafter will have to be paid by money order or cashier's check. The returned check must be paid for with a money order or cashier's check within 24 hours after Resident's receipt of notice. Any check that is returned is subject to a $25.00 processing fee in addition to the late charge.

5. LOST KEYS/LOCK OUTS: Residents locked out after office hours will be charged a fee of $25.00 to have their door opened, or Resident may call a locksmith at resident's expense to open the door. PROPER IDENTIFICATION IS REQUIRED!

6. EXTENDED ABSENCES: Resident should advise Management of any planned absence for an extended period of time.

7. MAIL/PARCELS AND NEWSPAPERS: Only registered Residents are to receive mail. All mail must contain the full address of your residence, which includes the apartment number as well as the building number (if applicable). Unwanted or "throw-away" advertising should be disposed of properly. Resident is responsible for making arrangements for parcel delivery that does not fit in the provided mail receptacle. Management representatives are not authorized to sign for parcels. This includes parcels from UPS, Federal Express, U.S. Postal Service or other mail and delivery services.

8. APARTMENT INSPECTION: Periodically, Management may enter each apartment to check the smoke detector(s) and replace the air conditioner/heater air filter, to properly maintain the unit's equipment. Each resident will be notified of the inspections with a written notice 24 hours in advance or 6 days in advance by mail.

Prior to vacating, Resident is entitled to a pre-move out inspection of the apartment to assess move-out charges. Resident will be given a minimum of a 48-hour notice prior to the inspection. Resident will have the right to be present for the inspection, approve for management to conduct the inspection without being present, or waive the right to the inspection.

9. WATER FURNITURE: Resident agrees to maintain personal property insurance which specifically covers damages caused by waterbeds, resident owned washers and fish tanks protecting owner in an amount not less that $100,000, and an increase in your deposit equal to one-half month's rent. Resident must also install, maintain and dismantle all water furniture in accordance with industry standards. Resident may not have on the premises an aquarium or any equivalent type of device with a capacity in excess of ten (10) gallons without prior written consent of Landlord. Any damages to the apartments, apartment community or other residents' belongings as a result of leaks from water furniture will be repaired at the expense of the resident. Damages caused by the water furniture to other residents' belongings will give management permission to provide necessary resident information to all parties affected by the damage.

SECTION B: USE OF PREMISES

10. SMOKE DETECTOR: A smoke detection device has been installed in each apartment. The Resident acknowledges the

Resident's Initials

1 of 6
smoke detector(s) was/were tested and its operation demonstrated by the management staff in the presence of the Resident at the time of initial occupancy and the detector(s) in the apartment was working properly at that time.

If the smoke detector is battery operated, each Resident understands that said smoke detector(s) is a battery-operated unit and it shall be each Resident's responsibility to:

a. Ensure that the battery is in operating condition at all times
b. Replace the battery as needed (unless otherwise provided by law); and
c. If, after replacing the battery, the smoke detector(s) does not work, inform the Management Representative immediately in writing.

It is Resident's responsibility during residency to periodically test the device. Resident must inform the Management Representative immediately in writing of any defect, malfunction or failure of any detector(s). REMOVING OR TAMPERING WITH A SMOKE DETECTOR will be considered cause for termination of residency.

Resident Initials: ________

11. SPRINKLER SYSTEMS: The premises you occupy may be equipped with an automatic sprinkler system. Resident agrees to use caution when moving furniture and avoid hanging objects or clothes from the sprinkler heads. A simple depression of the sprinkler head will result in a total draining of the water from the sprinkler system. Resident will be held liable for all damages to the condominium, flood clean up and personal property damage caused by triggering the sprinkler system by improper use or damage.

12. UNSAFE CONDITIONS: Resident agrees to report immediately to Management any accident, injury, damage or loss, or need of service or repairs to water or gas pipes, electrical wiring, drains, toilets, fixtures, or any other property or equipment covered by the lease, including all breakage, damage, or loss of any kind, including but not limited to, water intrusion, water leaks or moisture problems of any kind, damage from overflow of water from sinks, bathtubs, toilets, or other basins. Resident further agrees to immediately notify Management of unsafe conditions in the common areas and grounds of the premises which may lead to damage or injury.

13. ALTERATIONS OR ADDITIONS: Resident shall not make any alterations or additions to the premises. If any repairs, alterations or additions are necessary, Resident shall notify Management in writing. Resident shall make no repairs, alterations, exterior alterations include but are not limited to posting of signs, flags, plants on ledges and wind chimes, additions to the dwelling structure inside or out without first obtaining written consent from Management. American flags may be displayed within the laws of the state and proper flag etiquette. Interior alterations include but are not limited to, changing light fixtures, painting, hanging wallpaper, etc.

14. OUTWARD APPEARANCE: Alterations that affect the apartment community's outward appearance, such as installing personal window coverings, foil on windows, towels, blankets or clothing draped over balconies or partitions, is not permitted. Signs or advertising materials will not be permitted to be posted. No foil, sign advertisements, poster, or similar display, shall be affixed to any door, window or exterior wall, that may be visible from the outside of the building by other residents. The American Flag may be displayed within the rentable space of the apartment. This area includes inside the patio or apartment walls or window. The flag can not hang over the side of the patio or balcony. Flags can not be attached to the exterior walls of the building.

Resident(s) agree to abide by the etiquette guidelines for the proper display of the American Flag which are available in the rental office.

15. ANTENNAS: The Federal Communications Commission states that Residents have a limited right to install a satellite dish or receiving antenna within the leased premises. Resident must pay a deposit and obtain a written agreement prior to installation of any satellite dish. Resident is responsible for making sure the dwelling is in allocation to receive the satellite signal prior to requesting permission to install. The rental agreement must be amended to incorporate requirements and restrictions prior to any installation. For information on requirements and restrictions, contact Management. Resident shall not install any external television or radio reception device nor climb or have others climb upon the roof. A separate deposit is required prior to installation.

16. BARBEQUES/ OPEN FLAMES: Due to safety hazard concerns, charcoal briquette barbeque grills, gas or propane grills, smokers, hibachi grills, portable gas stoves, cooking/grilling/heating instruments of any kind or size, and fuel tanks/cylinders of any kind or size, etc. are PROHIBITED FROM BEING STORED OR OPERATED in structures, apartments, garages, under overhangs or on patios, balconies, breezeway or common areas. ANY OPEN FLAME IS PROHIBITED within ten feet of any combustible material including but not limited to barbeques and torches. Proper and responsible operation of any grills provided by the property in designated common areas is allowed; adult supervision is required at all times.

17. WINDOWS AND/OR SCREENS: Resident must not remove or tamper with screens. Resident acknowledges all screens are intact and in good condition upon taking occupancy. Residents shall be responsible for replacement and/or repair of
windows and/or screens damaged or removed by resident, members of Resident's household or guests.

18. BUSINESS: Resident shall not use the premises or permit their premises to be used for any business purpose, without the prior written consent of Management.

19. LOCKS: Residents shall not alter any lock or install a new lock or knocker on any door of the premises without the written consent of Management; and if installed, they shall not be removed. In such case consent is given, Resident shall provide Management with a key for the use of Management, pursuant to Management's right to access to the premises. Locks or chains must be left in place when Resident vacates.

20. EQUIPMENT: Apartments are provided with stoves, refrigerators, heaters, dishwashers, and garbage disposals. Resident assumes responsibility for any misuse of this equipment. Management will assist with any questions as to the procedures for proper operation of the equipment. No personal dish-washing machine, clothes washing machine, clothes dryer or other large appliance is permitted in the apartment without prior written consent of management.

SECTION C: MAINTENANCE/DAMAGE

21. EMERGENCIES: Emergencies affecting the premises should be promptly reported to Management. Please report emergencies occurring after office hours to the emergency number as posted at the Rental Office. Residents are cautioned to use discretion in reporting emergencies after office hours, as only EMERGENCIES will receive attention after regular hours.

22. SERVICE REQUESTS: Resident is responsible for notifying management when maintenance or repair work needs to be performed in the apartment. Routine requests for maintenance will be given to Management in writing whenever possible, including permission to enter in Resident's absence or a request for appointment. All non-emergency repairs will be handled during normal business hours. Employees can not enter the apartment to make repairs if there are persons under 18 years of age in the home without an adult guardian. Scheduled appointments will be set in a 4-hour window. In emergency situations, when the apartment community office is closed, the resident agrees to call the apartment community office telephone number and leave a message with the answering service, pager system, on call personnel, etc. Management has the right to enter if Management believes an emergency exists. Resident agrees to promptly report need of service or repairs to the property or equipment covered by the lease, including unsafe conditions in the common areas and grounds of the premises that may be a threat to health and safety or lead to damage or injury.

23. SEWER STOPPAGES: The sewer system is adequate to handle all normal waste, but the system will not handle disposable diapers, feminine products or other such refuse. Addition of toilet cleansing tabs can cause stoppage. Stoppages resulting from alterations to equipment, addition of commercial deodorizer and/or resident's negligence will be cleared at Resident's expense.

SECTION D: HOUSEKEEPING

24. STANDARDS: Resident shall keep the interior of the apartment clean according to good housekeeping standards. This includes maintaining all utility services. Resident will assume full responsibility for keeping their patio, entry doors, entrance walkways, porches, patios and balconies area cleaned, neatly arranged and free from unsightly or unused items. Resident shall keep the premises and such other areas as may be assigned for Resident's exclusive use, including but not limited to, the apartment fixtures, appliances, entry doors, windows and screens, sidewalks, parking space(s) and grounds, in a clean, safe and sanitary condition. Resident shall refrain from shaking, cleaning, hanging clothes, towels, rugs or other personal property from windows, balconies or railings.

25. PREVENTION OF MOISTURE PROBLEMS: Moisture problems must be prevented and treated immediately to prevent mold. Proper ventilation is essential for preventing mold. If you should have mold develop on windows, walls or ceilings, or a musty odor is present in the carpeting, report these conditions to the rental office immediately. To prevent moisture buildup, utilize stove and bathroom vent fans and leave on until steam is gone. Condensation, which develops on windows from indoor moisture, must be wiped down immediately including the window tracks. Condensation on windows indicates that fresh air is not being circulated in the home to prevent moisture buildup. Open your windows and air out your home for short periods of time to keep fresh air present. Excessive running of your heater will cause condensation in your home. Report any running or dripping faucets, plumbing leaks, roof leaks, discoloration of walls or water intrusion immediately to the rental office. Resident acknowledges receipt of the "Mold/Moisture Disclosure Statement".

26. PEST CONTROL: Resident shall report the need for pest control to Management. Resident agrees to cooperate with the pest control service and abide by guidelines given by the pest control service or management.

27. HEALTH & SAFETY: Resident agrees to comply with all obligations imposed upon Residents by applicable provisions of State and local building and housing codes materially affecting health and safety, including maintaining adequate housekeeping standards.
28. STORAGE: Garbage cans, bottles, brooms, mops, toys, bicycles, fitness equipment, cardboard boxes, household furniture, and similar personal property are to be kept inside the apartment or appropriately designated storage areas and out of view. Patios and/or balconies are to be used for patio furniture only. Areas located outside front doors or on stairway landings are part of the common area and cannot be used for storage.

29. SMOKING: Resident acknowledges that damage caused by smoking will not be considered normal wear and tear. Households having one or more smokers, or guests that smoke, will be held responsible for additional costs related to smoke related damages. Smoke related damages can be, but are not limited to, yellowed walls and ceilings; mini blinds and draperies, painting or treatment required due to smoke odor, burns to counters, sinks or extra cleaning of carpets due to smoking. Interference with other residents rights to the quiet enjoyment of the premises as a result of second hand smoke may be grounds for termination of tenancy.

30. HOUSEHOLD ODORS: Resident acknowledges that odors caused by cooking or use of strong chemicals should not interfere with other residents rights to the quiet enjoyment of the premises. A resident agrees to utilize proper fans and ventilation when cooking.

31. TRASH: Resident shall deliver and place all garbage and trash in proper bins at designated locations. If the bin you normally use is full, please use another bin. To maximize available space, please break down large objects such as cardboard boxes. Trash bins and/or enclosures are NOT to be used for large items such as furniture, etc. Removal of large items, such as furniture, from the premises is Resident's responsibility. Residents are responsible for any/all unacceptable items placed in the trash receptacles, such as; toxic waste or other possible harmful items.

32. UNIVERSAL WASTE: Disposal of universal waste is prohibited in general trash receptacles in the apartment community. Disposal of universal waste in the trash receptacles can result in a fine of $25,000. Universal waste includes electronic devices (televisions, computer monitors, computers, printers, VCRs, cell phones, telephones, radios and microwaves), common batteries (AA, AAA, C Cells, D cells and button batteries), Fluorescent Tubes and Bulbs and Other Mercury-Containing Lamps (fluorescent light tubes and bulbs, high intensity discharge (HID), metal halide, sodium and neon bulbs), Mercury added Novelties (greeting cards, athletic shoes and mercury maze games), Non-Empty Aerosol cans (aerosol cans can be flammable). Containers for disposal can be purchased at HD Supply; 1-800-431-3000 or www.HDSupply.com.

33. RECYCLING: Resident agrees to comply with all present and future laws, orders and regulations of all state, federal, municipal and local governments regarding the collection, sorting, separation and recycling of waste products, garbage, refuse and trash.

SECTION E: SUPERVISION HOUSEHOLD MEMBER/VISITORS/GUESTS

34. GUESTS: Guests staying in excess of 72 hours MUST register with the office. Resident may be permitted to have a guest(s) visit their household. However, any adult person(s) making REOCCURRING visits OR one continuous visit of 14 days and nights in a 12 Month period without consent of Management is a violation of the lease. Persons receiving mail to the premises will be considered occupants. All adult household members must submit a completed application and qualify for residency.

35. SUPERVISION: Resident agrees that Resident is responsible for the conduct of any member of their household, visitors and guests, and agrees to pay for any damage to the premises caused by members of the household or guests. Resident shall prevent household members and guests from loitering or playing in areas other than designated play areas, and to prevent household members or guests from tampering, in any way, with the landscape, sprinkler system or plants, shrubbery, trees or equipment that is appurtenant to the premises.

36. WALKWAYS: Resident shall not store nor allow any personal household property outside the apartment in a manner that may be detrimental to the appearance of the premises or interfere with free passage upon any street or sidewalk in the premises. Walkways are for pedestrian use. No bicycling, roller skating or in-line skating, skateboarding, coaster riding, etc., is allowed on walkways. Walkways are to be kept clear of toys, bicycles, etc.

37. WADING POOLS: Use of wading pools on the premises is prohibited.

SECTION F: CONDUCT

38. LOITERING: Residents, household members, or guests shall not loiter outside the apartments, after 10:00 p.m. Residents shall conduct themselves, and cause other persons who are on the premises with their consent to conduct themselves in a manner, which will be conducive to maintaining the premises in a decent, safe, and sanitary condition; and to promote the quiet enjoyment of the premises for all residents. Resident will not make, or cause to be made, or permit any disturbance or loud noises in or on the premises, street, or common areas.

39. NOISE: Residents, household members and guests shall not make or allow to be made any disturbing noises upon the
SECTION G: VEHICLES

40. THREATS/OFFENSIVE CONDUCT: To assist in ensuring the safety and quiet enjoyment of all tenants, Residents, household members and guests shall not engage in offensive conduct or language on or about the premises. Resident, all members of the Resident's household and guests shall not cause or threaten to cause serious physical injury to another person on the premises, or be involved in a fight while on the premises; commit abuse upon any person on the premises, and will abstain from any activity which impairs the physical or social environment of the premises.

41. ALCOHOL/PUBLIC INTOXICATION: Resident shall not, and Resident shall take reasonable action to prevent all members of Resident's household and guests from, drinking alcoholic beverages or using illegal substances in or on common areas, walkways or streets of the premises, or in vehicles parked or moving on the premises.

42. ILLEGAL ACTIVITY: Resident, any member of the Resident's household, or a guest or other person under the Resident's control shall not engage in illegal or criminal activity, nor in any act intended to facilitate illegal or criminal activity, including gang or drug-related illegal or criminal activity, on or near the premises. Resident, all members of the Resident's household and guests shall not engage in the manufacture, sale, or distribution of illegal drugs or be under the influence of any controlled or illegal substance at any location, whether on or near the premises or otherwise, nor permit the dwelling unit to be used for, or to facilitate, any illegal or criminal activity.

43. ACTS OF VIOLENCE: Resident or members of the household or guests shall not engage in any acts of violence including but not limited to the display of, brandishing, or using in a threatening manner, any dangerous weapons or objects in or about the premises. Resident shall not keep or use on or about the premises or project any explosive, flammable, or repellent device, or otherwise dangerous device, and to take every care and precaution to prevent fires.

SECTION H: PETS

Resident's Initials __________
49. NO PETS: NO PETS or any wild or domestic animals of any kind and no aquariums in excess of ten (10) gallons are allowed on the premises or in the apartments at any time, including pets belonging to others, without the prior written consent of Management. If a pet is allowed, a separate written agreement and deposit is required. Contact Management for further information. If a service animal is needed, a separate written agreement is required.

SECTION I: MOVE-OUT INFORMATION

50. PERSONAL PROPERTY: Resident agrees to remove all personal property when vacating the premises. All personal property left on the premises when the apartment is vacated shall be deemed to be property abandoned by Resident and may be disposed of according to law. All personal property removed from the premises at the time of physical eviction of Resident shall be deemed abandoned if not claimed within the time prescribed by law, and may be disposed of by Management according to law thereafter.

51. MOVE-OUT CHARGES: Residents will be charged for damage to the apartment beyond "normal wear and tear". Repair and replacement damages will be billed at actual charges. Please see your Check-in/Check-out sheet for additional information concerning this matter.

SECTION J: HOLD HARMLESS AND WAIVER

52. DEPOSITS: Deposits will be refunded when ALL keys are returned and premises are vacated and the apartment is left in the same general condition as when first occupied, with the exception of normal wear and tear, in accordance with state law.

53. INSURANCE: No insurance is provided by Management for Resident's personal property or additional living expense. Resident agrees to indemnify and hold Management harmless and in no way accountable for any liability for personal injury or property damage caused or permitted by Resident or any other person on the premises with Resident's consent except as may be caused by the negligence of Management. The Resident is hereby advised and understands that the personal property of the Resident is not insured by the Management for either damage or loss, and the Management assumes no liability for any such loss.

Management recommends that the resident secure insurance to protect him/herself and his/her property.

THESE COMMUNITY POLICIES NOW BECOME A PART OF YOUR LEASE AGREEMENT.

__________________________________________  ____________________________  ____________________________
JOHN DOE SAMPLE (Resident)  Date  (Agent/Owner)  Date
EMERGENCY MAINTENANCE ADDENDUM

CONSIDERATION OF THE EXECUTION OR RENEWAL OF A LEASE OF THE DWELLING UNIT IDENTIFIED IN THE LEASE, OWNER/MANAGEMENT AND RESIDENT AGREE AS FOLLOWS:

The following is a list of items that constitute an emergency after office hours:

- Main drains stopped up (kitchen, bath, shower) causing flooding or back up
- Stopped up toilet (ONE BATHROOM APARTMENTS ONLY)
- Electrical power outage in entire apartment
- Water leaking from water heater
- Major water leaking from under sinks, ceilings, utility rooms, etc. (Not just a drip)
- Dishwasher leaking (not if leak is stopped by turning system off)
- Faucet will not turn off (running, not just a drip)
- Exterior flooding from sprinkler systems or pool
- Broken window (apartment not secure)
- Patio door will not lock (apartment not secure)
- Door locks will not operate
- Fire (Call 911 first)
- Break In (Call 911 first)

Calls made after office hours that are not deemed emergencies may result in a charge to the resident. Also, any maintenance work performed due to neglect, abuse, misuse or direct fault of resident, his servants, guests, etc. will be billed to resident. This includes service work on disposal or toilet due to jamming or flushing of inappropriate items.

RESIDENTS MUST call 510-430-7317 for maintenance emergencies and are not authorized to call any service companies on their own. OWNER will not be responsible for charges incurred for services not authorized by owner or agents.

Resident's Initials _____
FACILITIES ADDENDUM

The Facility Addendum is considered part of the lease agreement entered into by and between the "Owner" (Landlord) and the "Resident" (Tenant) at the property located at

BUSINESS CENTER USE AGREEMENT

provides a business center for use by our residents during the hours of 9:00 a.m. to 5:00 p.m.

Individuals using the business center are expected to be courteous to others and display conduct conducive to a business atmosphere. Persons not displaying appropriate business behavior will be asked to leave the business center. Residents under 16 years of age should be accompanied by an adult. Residents must accompany their guest, max 2 people per apartment total, including guest. No loitering allowed.

The business center is equipped with: Fax Machine and Computer with internet services.

Management will make every effort to have the equipment working at all times.

The following behavior will terminate the rights and privileges of the resident and their guests to use the business center.

1. Loud and boisterous behavior.
2. Foul language.
3. Harassment of others utilizing the center.
4. Abuse of the equipment.
5. Inappropriate use of the internet for pornographic or unacceptable subject matters.
6. Altering the software and/or equipment.

Use of the equipment in the business center is limited to a maximum of 20 minutes in order to allow use by others that may be waiting. A limit of one visit - 20 minutes maximum - per day will be enforced.

LAUNDRY ROOM POLICIES

Laundry Room Hours are 7am - 10pm.

1. Resident agrees to use machines based upon manufacturers specifications.
2. Resident agrees to promptly report problems with machine operation to management.
3. Management is not responsible for damaged to clothing caused by machine malfunctions or improper use of equipment.
4. Management does not provide change for use of machines.
5. Resident agrees to clean machines and areas used after each wash or dry cycle.
6. Resident agrees not to use dyes in washing machines or dryers.
7. Resident must be present in the laundry room at all times when doing laundry. It is not recommended that clothing be left unattended. Management is not responsible for clothing left unattended.
8. Resident must be present in the laundry room. Management is not responsible for clothing left unattended.
9. Residents, household member or guests shall not loiter in the Laundry Room.
10. Laundry Rooms may not be used as play areas.
11. Laundry Room will be used during posted hours. Resident agrees to remove clothing 30 minutes prior to posted closing time.

I have read and understand the above terms, policies and release of liability statements and agree unconditionally. I understand that neither the Agent for Owner nor its agent are responsible for any accidents that may occur while I am using any of the recreational facilities.

JOHN DOE SAMPLE (Resident) Date (Owner/Agent) Date
KEY AND ENTRY DEVICE RECEIPT

Residents:
Apartment Number:
Date:

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JOHN DOE SAMPLE (Resident)      Date  (Owner/Agent)       Date
LOW INCOME HOUSING TAX CREDIT LEASE RIDER
(to be attached to resident lease)

Property Name:  
Unit #  
Household Name:  

Dear Resident or Applicant:
The owner(s) of this property rents residential units under the federal Low-Income Housing Tax Credit Program (the "program") administered by the California Tax Credit Allocation Committee (TCAC). Under the program, the owner has agreed to rent some or all of the units in the property to low-income households and restrict the rents for those units. Another protection provided by federal law is that Low Income Tenants may not be evicted without good cause. The following Lease Rider is an important part of ensuring your rights to good cause for eviction.

The Lease or Rental Agreement dated is hereby amended by adding the following provision:

**Lease Rider: Good Cause for Eviction**

Owner may not terminate the tenancy or refuse to renew the Lease or rental agreement of a Low Income Tenant except for good cause, including a serious or repeated violation of the material terms and conditions of the Lease, or a violation of applicable Federal, State, or local law. To terminate the tenancy the Lease, Owner must provide written notice to the tenant of the grounds with sufficient specificity to enable the tenant to prepare a defense. The notice must be served at least three days before the termination of tenancy, and must comply with all requirements of California law and other applicable programs. Tenant has the right to enforce this requirement in state court, including presenting a defense to any eviction action brought by Owner.

To the extent that any terms contained in the Lease or rental agreement, or any other agreement between the owner and the tenant, contradict the terms of this Rider, the provisions of this Rider shall control.

**By signing below, I indicate my consent to this Lease Rider.**

(Property Representative)  
Date  

By signing below, I indicate my consent to this Lease Rider. I/we have been given a copy of this Lease Rider.

JOHN DOE SAMPLE (Resident)  
Date
MAINTENANCE AND SAFETY TIPS

Emergency Water Shut-Off
If you need to turn off your water supply quickly, you will find a shut-off valve for the bathroom and kitchen in the cabinet below the sinks. The toilet shut-off valve is located underneath the toilet tank. Also, ask manager if you would like to know where the shut-off is for your building.

Electrical Circuit Breakers
If you are without electrical power, first check the circuit breaker box. An electrical surge can cause the breakers to trip. (Please Note: An "off" breaker may not be in the full off position and may be just slightly out of alignment with others.) If all breakers are "on", please call for maintenance service unless inclement weather (thunder storms, etc.) could be the cause.

Lighting Fixture
When replacing light bulbs, always check the correct amount of wattage. Installing a light bulb with improper wattage can be a fire hazard. Replacement of all bulbs within your apartment is your responsibility after move-in.

Smoke Detectors
If your smoke detector makes a continuous noise and it is not smoke or fire related, please call the Office for service. A periodic "chirping" usually means the battery is in need of replacement. The manufacturer recommends testing at least once a week to determine if the smoke detector is operating properly. If you find an inoperable smoke detector, call the Office for service immediately.

Garbage Disposal/Food Items
Before turning on your disposal, make sure you have cold water running into the sink. Please keep in mind that your disposal is designed for food only, never use to grind bones, egg shells, coffee grounds or other non-food items. RESIDENT may be charged $25 - $100 if drain clog is due to misuse.

Drains
NEVER put leftover grease or cooking oil down sink drains. This will definitely cause a back up. NEVER flush non-flushable items such as paper towels, rags, tampons, condoms or Q-tips in toilet. Again, this will eventually cause a sewer back up. Preventing water back up of any kind will avoid damages to your personal belongings and the apartment. RESIDENT may be charged $25 - $100 if drain clog is due to misuse.

Toilets
Low Flush Toilets have been installed in your unit and deemed water efficient by the State of California. Hold the handle down until you hear the water fully released. Partial flushes may cause overflow.

If the water line starts to overflow, immediately shut off the valve at the base of the toilet and plunge.
MOLD/MOISTURE DISCLOSURE STATEMENT

This Addendum to the Rental/Lease Agreement is made and entered into this day between (“Owner”) and (“Resident”), pertaining to the premises located at , State of California in Apartment Number .

There are no established guidelines for unacceptable air quality caused by mold. Mold is a naturally occurring phenomenon. Mold and/or mildew should be cleaned as soon as it appears. Mold and/or mildew growth can often be seen in the form of discoloration. The different colors of mold range from white to black, including, but not limited to, green, gray brown, orange, yellow and other colors. Your housekeeping and living habits are an integral part of the ability of mold to grow. In order for mold to grow water and/or moisture must be present.

RESIDENT AGREES to maintain the Premises in a manner that prevents the occurrence of mold or mildew growth within the Premises. In furtherance of such obligation, RESIDENT AGREES TO PERFORM THE FOLLOWING:

1. To keep the Premises free from dirt and debris that can harbor mold;
2. To inspect the Premises regularly for the indications and sources of indoor moisture;
3. To immediately report to management any water intrusion, such as plumbing leaks, drips or flooding;
4. To not air dry wet clothes indoors;
5. To always utilize stove hood vents when cooking items that may cause steam;
6. When showering/bathing, to always utilize the bathroom fan and to notify management of any nonworking fan;
7. To water plants outdoors;
8. To notify management of overflows from bathroom, kitchen or any other water source facilities, especially in cases where the overflow may have permeated walls, flooring or cabinets;
9. TO IMMEDIATELY WIPE DOWN ANY WATER OR CONDENSATION THAT APPEARS AND/OR DEVELOPS ON ANY AREA OR ANY SURFACE
10. To clean upon first appearance, any mildew from condensation on window interiors, bathroom & kitchen walls, floors and/or ceilings. Cleaning is done with common household bleach. Mixture is one part bleach to 10 parts water. You may add a little dish soap to the water mixture to cut any dirt and oil on the surface you are cleaning that may hold mold. Do not add other cleaning chemicals, especially ammonia. Dispose of any rags or sponges used to clean the mold in a sealed bag.
11. TO REPORT TO MANAGEMENT IN WRITING AND VERBALLY THE PRESENCE OF ANY MOLD GROWTH on surfaces inside the Premises;
12. To allow management immediate entry to the Premises to inspect and make necessary repairs;
13. To use all reasonable care to close all windows and other openings in the Premises to prevent outdoor water from penetrating into the interior unit;
14. To clean and dry any visible condensation/moisture on windows and window tracks, walls and other surfaces, including personal property as soon as reasonably possible. Condensation on windows indicates that fresh air is not being circulated in the home to prevent moisture buildup. Open your windows and air out your home for short periods of time to keep fresh air present. Excessive running of your heater will cause condensation in your home;
15. To notify management of any problems with the air conditioning or heating systems that are discovered by Resident;
16. To maximize the circulation of air by keeping furniture away from walls and out of corners.
17. In addition to the above, resident further agrees to perform all responsibilities set forth in the MOLD/MOISTURE DISCLOSURE STATEMENT.

RESIDENT FURTHER AGREES to indemnify and hold harmless Owner and Owner's management agents from any suits, actions, claims, losses, damages, and expenses (including reasonable attorneys' fees and court costs) and any liability whatsoever that Owner and/or its management agents may sustain or incur as a result of Resident's failure to comply or perform with the obligations set forth above or as the result of the intentional or negligent action or failure to act on the part of Resident or of any other person living in, occupying, or using the Premises.

Resident hereby certifies that Resident has read the MOLD/MOISTURE DISCLOSURE STATEMENT, and has read and understood the contents of this ADDENDUM, and has received a duplicate copy.
MOLD/MOISTURE DISCLOSURE STATEMENT

1. **What are Molds?**
   - Molds are simple, microscopic organisms, present virtually everywhere indoors and outdoors. Mold, along with mushrooms and yeast, are fungi and are needed to break down dead material and recycle nutrients in the environment. For molds to grow and reproduce, they need only a food source (any organic material, such as leaves, wood, paper or dirt) and moisture. Mold growth on surfaces can often be seen in the form of discoloration, frequently green, gray, brown or black but also white and other colors. Molds release countless tiny, lightweight spores, which travel through the air.

2. **How Are You Exposed to Mold?**
   - Everyone is exposed to some mold on a daily basis, most without evident harm. It is common to find mold spores in the air inside homes, and most of the airborne spores found indoors come from outdoor sources. The California Department of Health Services has stated that mold spores can cause health problems when they are present in large numbers and people inhale many of them and that health problems can occur when there is active mold growth within home, office or school, where people live or work, however, contrary views exist on this topic. The California Department of Health Services has stated that people can also be exposed to mold by touching contaminated materials or by eating contaminated foods.

3. **How Can Mold Become A Problem In Your Apartment Unit?**
   - Molds will grow and multiply whenever conditions are right (sufficient moisture is available and organic material is present). Be on the lookout for common sources of indoor moisture that may lead to mold problems. Common indoor moisture sources include, but are not limited to: condensation (caused by indoor humidity that is too high or surfaces that are too cold); plumbing leaks; overflow from tubs, sinks or toilets; humidifier use; inadequate venting of kitchen and bath humidity; failure to keep bathtub areas, shower areas, sink areas, dishwasher and washing machine areas properly cleaned and dried after usage; line drying laundry indoors; watering of house plants indoors; flooding; roof leaks; steam from cooking; and shower/bath steam. **Water, moisture and mold MUST be dealt with immediately.**

4. **Can You Tell If You Have Mold In Your Unit?**
   - You may suspect that you have mold if you see discolored patches or cottony or speckled growth on walls or furniture or if you smell an earthy or musty odor. You may also suspect mold growth if mold-allergic individuals experience allergic reactions. Look for signs of excessive moisture or water and/or moisture or water damage, i.e. water leaks, standing water, water stains, or condensation problems. Search behind and underneath materials, furniture or stored items.

5. **What To Do If You Suspect That Mold is Within Your Unit**
   - **(a) IMMEDIATELY NOTIFY MANAGEMENT** If you suspect the existence of mold within your unit. Management staff has specific procedures and steps to follow in handling the detection, testing and clean up of mold.
   - **(b) Do not attempt to clean the mold.** Any necessary clean up will be performed and/or supervised by management, but only after the moisture source is fixed and excess water has been removed. Warning: **persons performing the cleaning process may be exposed to mold, strong detergent and disinfectant; spore counts may be 10 to 1000 times higher than background levels when mold-contaminated materials are disturbed.**
   - **(c) Do not use air cleaners that are promoted to remove indoor mold or associated odors; some of these are designed to produce ozone. The California Department of Health Services strongly recommends that you NOT use an ozone air cleaner in any occupied space.**

6. **What Are Your Responsibilities In Preventing Indoor Mold Problems?**
   - **As a resident, YOU are responsible for preventing indoor mold problems within your unit.** Such responsibility includes performing or preventing the following tasks or conditions:
     - **(a) Inspect your unit regularly for the indications and sources of indoor moisture**
     - **(b) CONDENSATION, WHICH DEVELOPS ON IN ANY AREA OR ON ANY SURFACE FROM INDOOR MOISTURE MUST BE WIPED DOWN IMMEDIATELY. These areas and surfaces include, but are not limited to windows, window tracks (Condensation on windows indicates that fresh air is not being circulated in your unit) walls, tile surfaces and tub/shower areas. To help prevent moisture build-up, open your windows and air out your unit for short periods of time to keep fresh air present. Excessive running of your heater will cause condensation in your unit);**
     - **(c) When showering/bathing, always utilize the bathroom fan or open a bathroom window and leave on or open until bathroom steam is gone;**
     - **(d) Water plants outdoors;**
     - **(e) Do not dry wet clothes indoors;**
     - **(f) Leave adequate space for ventilation between all walls and furniture, appliances and other objects within your**

Resident's Initials
apartment. Do not allow furniture, appliance or other objects to come into contact with walls;

(g) Always utilize stove hood vents when cooking items that may cause steam; and

(h) If a leak or flooding occurs, it is essential for you to act quickly in doing the following:

1. IMMEDIATELY CONTACT MANAGEMENT;
2. Remove excess water with mops or wet vacuum;
3. If possible, move wet items to a dry and well ventilated area or outside to expedite drying; move rugs and pull up areas of wet carpet as soon as possible;
4. Open closet and cabinet doors and move furniture away from walls to increase circulation;
5. Run portable fans to increase air circulation (Do NOT use fans if you believe mold may have already started to grow); and
6. DO NOT turn up the heat or use heaters in confined areas, as higher temperatures increase growth rate of mold growth.

* Some of the above information was obtained from California Department of Health Services/indoor Air Quality Information Sheet.
FPI MANAGEMENT, INC.
MOVE-IN RESIDENT FILE CHECKLIST
(TAX CREDIT - ALL COMMUNITIES)

SECTION 1:
☐ 1. FPI Lease / Rental Agreement
☐ 2. Tax Credit Lease Addendum 1
☐ 3. LIHTC Lease Rider (State Specific)
☐ 4. Community Policies
☐ 5. Non Exclusive License Agreement (Live in Aid)
   (FPI Website - Tax Credit Section #A - If Applicable)
☐ 6. Guaranty Agreement (Co-Signer - If Applicable)
☐ 7. Mold/Moisture Disclosure Statement (Page 1-4)
☐ 8. Security Release Agreement
☐ 9. Pet Agreement or Service Animal & Information
☐ 10. Service Request Procedure
☐ 11. Rent Collection Policies
☐ 12. Parking and Towing Procedures
☐ 13. Laundry Room Policies (If Applicable)
☐ 14. Garage Addendum (If Applicable)
☐ 15. Parking/Storage Addendum (If Applicable)
☐ 16. Sprinkler System Addendum (If Applicable)
☐ 17. Credit Card Addendum (If Applicable)
☐ 18. Satellite Dish Guidelines & Requirements
☐ 19. Satellite Dish & Antenna Addendum
   (Use Upon Dish Approval Only)
☐ 20. Fitness Center Policies (If Applicable)
☐ 21. Pool and Spa Regulations (If Applicable)
☐ 22. Business Center Agreement (If Applicable)
☐ 23. Asbestos Notification (Housing 1980 & Prior)
☐ 24. Disclosure of Lead Based Paint (Housing 1978 & Prior)

SECTION 2:
☐ 1. Notice of Intent to Vacate
☐ 2. Key and Entry Device Receipt
☐ 3. Check In/Out Inspection Report
☐ 4. Move-In Concession Agreement
☐ 5. Ledger Receivables Summary

SECTION 3:
☐ 1. Recertification Notices (90, 60 & Final 45 Day)
☐ 2. Lease Renewal Notifications
☐ 3. 30/60 Day Notice of Rent Increase
☐ 4. Notice to Terminate Lease for Cause
☐ 5. Notice to Pay or Quit for Rent
☐ 6. Warning Notices
☐ 7. Correspondence To/From Resident
☐ 8. Utilities in Residents Name

SECTION 4:
☐ 1. Housing Authority Section 8 lease
   Lease/Notices/Correspondence

SECTION 5:
☐ 1. Resident Contact Information
☐ 2. Deposit and Rent Status (RDR)
☐ 3. Receipt for Resident Screening Fee
☐ 4. Application Checklist
☐ 5. Application Criteria
☐ 6. Receipt for Resident Screening
☐ 7. Credit Report Agency Screening Recommendation
☐ 8. Resident Screening Verifications
☐ 9. Criminal Background Check (If Applicable)
☐ 10. Copies of Government Issued ID
☐ 11. Guest Card

SECTION 6:
☐ 1. Move In File Checklist/Recertification Checklist
☐ 2. Tax Credit Move-In/Recertification Approval Email
☐ 3. Managers Certification
☐ 4. LIHTC Tenant Income Certification (TIC)
☐ 5. Tax Credit Rental Application
☐ 6. Tenant Income Certification Questionnaire
☐ 7. Calculation Worksheet
☐ 8. Income Verifications
☐ 9. Certification of ZERO Income (If Applicable)
☐ 10. Affidavit of Non Employed Status (If Applicable)
☐ 11. Child Support Affidavits
☐ 12. Child Support Verifications
☐ 13. Under $5,000 Asset Certification
☐ 14. Asset Verifications
☐ 15. Student Status Verifications (If Applicable)

HANDBOUTS:
(Kept in Move-In Orientation Folder in file until move-in.
These handouts are reviewed with the new resident)
☐ 1. Welcome to our Community
☐ 2. Move In Orientation
☐ 3. Service Request - Blank Work Order
☐ 4. Move Out/Damage Charge Sheet
☐ 5. Notification of Pest Control (California Only)
☐ 6. EPA/Lead Based Paint Pamphlet (Housing Prior 1978)
☐ 7. EPA/Renovate Right - (Housing Prior 1978)
☐ 8. Satellite Dish Policies
☐ 9. Mold/Moisture Disclosure Statement (Pg. 3&4)
☐ 10. Universal Waste Memorandum
☐ 11. Rent Collection Policies

VERIFIED BY RENTAL AGENT:
☐ 1. Utilities in Resident Name
The condition of these premises is clean, undamaged, in good working order and adequate for customary use unless otherwise noted hereon. Use codes and comments to describe exceptions. Cross out items not applicable.

**CODES:**
- NCC - Needs complete cleaning
- REP - Replace
- SC - Needs spot cleaning
- SP - Needs spot painting
- RPR - Needs repair
- PT - Needs painting
- SCR - Scratched
- CLN - Clean
- NEW - New

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According to state law:

Any security shall be held by the landlord for the tenant who is party to the lease or agreement. The claim of a tenant to the security shall be prior to the claim of any creditor for the landlord. (Civil Code Section 1950.5(d))

According to Civil Code Section 1950.5(b), the security deposit may be used by the owner for any purpose, including, but not limited to, any of the following:

1. The compensation of a landlord for a tenant's default in the payment of rent.
2. The repair of damages to the premises, exclusive of ordinary wear and tear caused by the tenant or by a guest or licensee of the tenant.
3. The cleaning of the premises upon termination of the tenancy necessary to return the unit to the same level of cleanliness it was in at the inception of the tenancy. The amendments to this paragraph enacted by the act adding this sentence shall apply only to tenancies for which the tenant's right to occupy begins after January 1, 2003. (Amendment underlined)
4. To remedy future defaults by the tenant in any obligation under this rental agreement to restore, replace, or return personal property or appurtenances, exclusive of wear and tear, if the security deposit is authorized to be applied thereto by the rental agreement.

From the time of the initial inspection until the termination of the tenancy, the tenant may remedy the deficiencies identified in the initial inspection, in a manner consistent with the rights and obligations of the parties under the rental agreement, in order to avoid deductions from the security deposit.

The law allows the Owner/Agent to use the security deposit for legal deductions itemized in this statement that are not corrected by the Resident prior to the termination of the tenancy or that were not identified due to the presence of the Resident's possessions during the time of the initial inspection. It also allows Owner/Agent to use the security deposit to correct any damages that occur to the unit/property between the time of the initial inspection and the termination of the tenancy.

A final itemized statement will be sent to you within 3 weeks of the termination of your tenancy.

### Move-In Inspection

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Move-in Inspection:

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Final Inspection (After Move-Out):

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NOTICE TO OWNER AND RESIDENTS
BY COMPANY PERFORMING PEST CONTROL

Prior to pesticide application, the company that performs the pest control work must provide written notice to the owner or owner's agent and to the residents, which contains the following information: (1) the pest to be controlled; (2) the pesticide(s) proposed to be used, and the active ingredient(s); (3) the frequency with which pest treatment will be done pursuant to any contract for periodic pest control, and the following statement:

"State law requires that you be given the following information: CAUTION PESTICIDES ARE TOXIC CHEMICALS. Structural Pest Control Companies are registered and regulated by the Structural Pest Control Board, and apply pesticides which are registered and approved for use by the California Department of Pesticide Regulation and the United States Environmental Protection Agency. Registration is granted when the state finds that based on existing scientific evidence there are no appreciable risks if proper use conditions are followed or that the risks are outweighed by the benefits. The degree of risk depends upon the degree of exposure, so exposure should be minimized. If within 24 hours following application you experience symptoms similar to common seasonal illness comparable to the flu, contact your physician or poison control center (800) 222-1222 and your pest control company immediately." (This statement shall be modified to include any other symptoms of overexposure which are not typical of influenza.)

For further information, contact any of the following:
Your Pest Control Company Team Too (800) 818-8326;
For Health Questions -- the County Health Department www.acgov.org/aceh/;
For Application Information -- the County Agricultural Commissioner (510) 670-5232
For Regulatory Information -- the Structural Pest Control Board http://www.pestboard.ca.gov
and http://www.cdpr.ca.gov.

The notice will be provided by the pest control company at least 48 hours in advance of fumigation and prior to application for other methods. Notice to residents is being provided by mail, posting in a conspicuous place, or personal delivery.

For Health Questions:

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<th>Phone Numbers</th>
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<tr>
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<td>(209) 223-6407</td>
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For application information:

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<td>San Francisco</td>
<td>(415) 285-5010</td>
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<tr>
<td>San Joaquin County</td>
<td>(209) 468-3300</td>
</tr>
<tr>
<td>San Luis Obispo County</td>
<td>(805) 781-5910</td>
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<tr>
<td>San Mateo County</td>
<td>(650) 363-4700</td>
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<tr>
<td>Santa Clara County</td>
<td>(408) 299-2172</td>
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<tr>
<td>Santa Cruz County</td>
<td>(831) 763-8080</td>
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<tr>
<td>Shasta County</td>
<td>(530) 224-4949</td>
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<tr>
<td>Solano County</td>
<td>(707) 421-7465</td>
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<tr>
<td>Sonoma County</td>
<td>(707) 527-2371</td>
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<tr>
<td>Stanislaus County</td>
<td>(209) 525-4730</td>
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<tr>
<td>Sutter County</td>
<td>(530) 822-7500</td>
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<tr>
<td>Tulare County</td>
<td>(559) 733-6391</td>
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<tr>
<td>Yolo County</td>
<td>(530) 665-8140</td>
</tr>
<tr>
<td>Yuba County</td>
<td>(530) 741-6484</td>
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</tbody>
</table>
PARKING AND TOWING PROCEDURES

Residents are asked to park in assigned spaces only. Residents are responsible for notifying all household occupants and guests of the parking policies. Unauthorized parking will result in towing at owner's expense. Please do not back into parking spaces. This can cause damage and discoloration of the buildings and walks.

FUTURE RESIDENT/OFFICE PARKING - Cars parked in the future resident parking or office parking must be in the office conducting business. Cars found parked in these designated parking spaces will be tagged and towed.

ASSIGNED PARKING SPACES AND/OR GARAGES - (If applicable) Parking by unauthorized vehicles in assigned spaces may be given a warning notice. If the car is not moved by the expiration of the warning notice, it will be towed. Some properties may have signs posted that allow for the immediate towing from assigned parking spaces. Residents or their guests cannot authorize the towing of cars. No parking in front of garages. - POSSIBLE IMMEDIATE TOW

PARKING STICKERS - (If applicable) Some apartment communities may require parking stickers for all cars parked on the premises. Cars without required parking stickers will be considered unauthorized and towed without warning.

VEHICLES OBSTRUCTING THE ACCESS AND EGRESS - IMMEDIATE TOW - All vehicles parked blocking driveways, handicap spaces and other parking spaces or garages will be towed without warning.

HANDICAPPED PARKING - Vehicles parked in designated handicapped spaces without display of handicap placard or handicap plates - IMMEDIATE TOW.

FIRE HYDRANTS/LANES - Vehicles parked within 15 feet of a fire hydrant or in a fire lane will be towed without warning. - IMMEDIATE TOW.

ALL VEHICLES MUST BE IN OPERABLE CONDITION - All vehicles must be currently registered, licensed and in operating condition. Any vehicle in violation of this provision will be towed at owner’s expense within the compliance with vehicle code of the state. Repair work, oil changes and similar work is not permitted in the parking lots. Such work must be done off the property. Extra vehicles cannot be stored on the property. Vehicles found not to be regularly used on a weekly basis will be tagged for 96 hours and towed if not moved.

RECREATIONAL VEHICLES - Recreational vehicles such as trailers, motor homes and boats are not allowed to be parked on the premises.

MOTORCYCLES - Motorcycles are subject to same rules as automobiles. They must be operated in a safe manner at all times. Motorcycles must be parked in a designated parking space.

CAR WASHING - No washing of vehicles is allowed on property unless the property has a designated car wash area. This property □ does  ☒ does not have a designated area to wash cars.

CAR ALARMS - Any vehicles parked within the community which create a nuisance through the activation of a car alarm shall be removed from the property at the owner’s expense.

VEHICLES - SAFETY THREAT - IMMEDIATE TOW - Vehicles found up on jacks are considered a safety threat and will be towed without warning.

FPI MANAGEMENT, INC. IS THE ONLY AUTHORIZED AGENT TO HAVE VEHICLES TOWED. THE VEHICLE OWNER SHALL BE SOLELY RESPONSIBLE FOR ALL VEHICLES TOWED FROM THE PROPERTY. RESIDENTS ARE NOT AUTHORIZED TO HAVE VEHICLES TOWED FROM THEIR ASSIGNED SPACES. PLEASE CONTACT THE COMMUNITY DIRECTOR IF THERE IS A PROBLEM.
PET ADDENDUM

This pet addendum is hereby attached to and becomes part of the rental agreement between hereinafter referred to as Resident(s) and, hereinafter referred to as "Landlord".

☒ Pets of any kind are not allowed and you agree that you will not bring or maintain any pet (even temporarily) on the property at any time. If a pet is found on the Premises belonging to you or your guests, your rental agreement may be terminated and you will be asked to leave immediately, unless prior written permission is obtained.

☐ You have received written permission and agree to the following rules and regulations:

| Pet | No pets at this time. |

DEPOSIT: A total pet deposit of $0.00 is required. In the event that cleaning and sanitizing are needed or damages occur, deductions will be taken from the pet deposit. The remaining pet deposit will be refunded in the same manner as provided in the rental agreement. A charge of $150.00 will be assessed for flea spraying on any apartment containing a pet.

FEE: A total monthly pet fee of N/A is required. The pet fee shall be due and payable with Tenant's monthly Rental.

INOCULATION: Said pet has been properly licensed and inoculated for rabies and other usual inoculations for the type of animal.

COMMUNITY RESTRICTIONS: Resident agrees to keep pet under strict control and strictly indoors. The pet may not be tied to the patio, porch area, trees or fixtures and left unattended. Your patio must be kept in clean and sanitary order.

Any mess on the grounds, created by the pet shall immediately be cleaned up by the pet owner. Dog owners required to purchase and carry scoopers and/or trash bags when walking dogs within community, including designated dog run areas.

[Signature] (Resident Initials)

Dog(s) must be on a leash at all times and not allowed in common areas nor recreational areas or facilities. Under no circumstances will pets be allowed in landscaped or grass areas.

Cats are required to be strictly indoors.

DISTURBANCE: Pet will not be permitted to cause any discomfort, annoyance, nuisance or in any way cause complaints from any other Resident. If in the judgment of the Landlord, the pet is a community disturbance, the Resident agrees, on ten (10) days written notice, to remove pet from the premises permanently.

IMPOUNDMENT: If the pet is loose on the premises and you are not available or willing to retrieve it, Landlord may, but is not obligated to, retrieve and return it to your apartment, or cause appropriate officials to impound it. Resident agrees to indemnify Landlord for any damages or expense it may incur in carrying out any one of the foregoing options.

REVOCATION: Landlord may revoke the consent given herein upon ten (10) days written notice, which revocation will require you to remove the pet from the premises within said 10 days.

VIOLATION FEE: In the event pet owner is found in violation of any of the above community restrictions, Resident agrees to pay Landlord a fee of $25.00 per violation. Repeated violations will jeopardize rental agreement and/or be grounds for pet permission revocation.

[Signature] (Resident Initials)

BREACH: For failure or breach of any of the above regulations, Landlord reserves the right to revoke permission to keep the pet and to terminate the rental agreement herein and to hold Resident responsible for the remainder of the unexpired term thereof.

[Signature] (Resident) Date

[Signature] (Management Representative) Date
RELEASE FROM LIABILITY ADDENDUM
PARTICIPATION IN COMMUNITY SPONSORED EVENTS
USE OF COMMON AREA EQUIPMENT AND FACILITIES

This Release From Liability Addendum is an addendum to that certain Apartment Lease/Rental Agreement dated between ("Resident") and ("Landlord").

Dwelling Unit Description: Resident resides in Apartment Number (the "Apartment") at (the "Property") with the street address of

IN CONSIDERATION of being permitted to enter the facilities, services and programs of for any purpose, including, but not limited to, observation or use of facilities or equipment, or participation in any off-site or sponsored event program affiliated with the undersigned, for himself or herself and any personal representative, heirs, and next of kin, hereby acknowledges, agrees and represents that he or she has, or immediately upon entering or participation will, inspect and carefully consider such premises and facilities or the affiliated program. It is further warranted that such entry into for observation or use of any facilities or equipment or participation in such affiliated program constitutes an acknowledgment that such premises and all facilities and equipment thereon and such affiliated program have been inspected and carefully considered and that the undersigned finds and accepts same as being safe and reasonably suited for the purpose of such observation, use or participation.

THE UNDERSIGNED HEREBY FURTHER AGREES TO THE FOLLOWING:

1. THE UNDERSIGNED HEREBY RELEASES, WAIVES, DISCHARGES AND COVENANTS NOT TO SUE the ("Owner"), its directors, officers, employees, managers and agents (herein referred to as "releasees") from all liability to the undersigned, his personal representatives, assigns, heirs, and next of kin for any loss or damage, and any claim or demands therefore on account of injury to the person or property or resulting in death of the undersigned, whether caused by the negligence or the releases or otherwise while the undersigned is in, upon, or about the premises or any facilities or equipment therein or participation in any program affiliated with.

2. THE UNDERSIGNED HEREBY AGREES TO INDEMNIFY AND SAVE AND HOLD HARMLESS the releasees and each of them from any loss, liability, damage or cost they may incur due to the presence of the undersigned in, upon or about the premises or in any way observing or using any facilities or equipment of whether caused by the releasees or otherwise.

3. THE UNDERSIGNED HEREBY ASSUMES FULL RESPONSIBILITY FOR AND RISK OF BODILY INJURY, DEATH OR PROPERTY DAMAGE due to negligence of release or otherwise while in, about or on the premises of.

THE UNDERSIGNED further expressly agrees that the forgoing RELEASE, WAIVER AND INDEMNIFY AGREEMENT, and further agrees that no oral representations, statements or inducement apart from the foregoing written agreement have been made.

I HAVE READ THIS RELEASE,

__________________________ (Resident) Date

__________________________ (Owner/Agent) Date
RENT COLLECTION POLICIES

1. Rent is due on or before the **first** day of each month. Acceptable forms of payment are personal checks, money orders or cashier checks. Payment must be in U.S. currency. Foreign checks, Traveler's checks and wire transfers are not accepted. **CASH IS NOT ACCEPTED.**

2. Any rents collected after the **4th** day are subject to a late fee. A late fee of **$50.00** will be assessed on the **5th** day.

3. Checks for rent that are returned by the bank are subject to a **$25.00** redeposit fee and appropriate late fee.

4. Checks are accepted only from persons approved for occupancy on the lease. Third party checks are not accepted. Payments by friends, relatives or outside agencies are not accepted.

5. Any resident who has one (1) returned check, must pay future rent with money orders or cashier checks. No further checks will be accepted.

6. Residents who have not paid rent by the **4th** day of the month are subject to a "Notice to Pay or Quit". Payment of rent after the **4th** day of the month must be paid by money order or cashier's check.

7. Those residents who fail to pay rent within the "Notice to Pay or Quit" period will be served with an Unlawful Detainer Action by our attorney.

8. Prorated rent will be rounded to the nearest dollar: If .50 cents or higher, round up; and, if it is .49 cents or lower, round down.

9. Practice of paying rent late or failure to pay assessed fees and late charges can be grounds for termination of residency.

10. Promises to pay rent after the due date will not stop legal action. Partial payments are not accepted. Roommate checks must be presented for payment together.

__________________________  __________________________  ______________________________
JOHN DOE SAMPLE (Resident)  Date  (Owner/Agent)  Date
RESIDENT CONTACT INFORMATION

Apartment #:

<table>
<thead>
<tr>
<th>JOHN DOE SAMPLE</th>
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</thead>
<tbody>
<tr>
<td>Apt. Phone #:</td>
</tr>
<tr>
<td>Cell Phone #:</td>
</tr>
<tr>
<td>Emergency Contact:</td>
</tr>
<tr>
<td>Phone Number:</td>
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</tbody>
</table>

It is imperative that whenever you make a change to your contact numbers that you let us know so that we can update your file. Thank you for your cooperation.

_________________________________________________________
JOHN DOE SAMPLE (Resident) Date (Owner/Agent) Date
According to a ruling by the Federal Communication Commission (FCC), residents of multifamily buildings can now have small satellite dishes installed within their rented living space including their private balcony or patio.

While this important ruling paves the way for residents to enjoy many expanded satellite programs, it is important to note that not all residents will receive a strong enough signal to warrant having a satellite dish. Most of the satellites that support these services are parked in synchronous orbits at a declination of about 40 degrees above the southern horizon. This means that south-facing apartments will receive a signal as long as there are no barriers such as trees, buildings or mountains to interrupt the signal.

Because most satellite kits are "cash and carry" items, with your purchase you will generally not receive any kind of consultation about signal quality and installation problems. Therefore, it is highly recommended that you determine whether or not you will receive an adequate signal before you proceed with any unnecessary installation or expense.

According to the ruling, although residents have the right to install satellite dishes in multifamily buildings, they do not have the right to damage the building by drilling through the interior or exterior wall, modifying the structure of the building or it's components, or affixing the dishes to the building or roof. Furthermore, dishes may not be installed in any type of common or access restricted areas, or anywhere that creates a legitimate safety concern.

FPI Management, Inc., wishes to make the installation of personal satellite communication equipment as easy as possible for it's residents while always watching out for the safety and well-being of the community. With that in mind, we have established a few specifications relating to the installation of satellite dishes. These specifications are being added to your current Community Policies effective immediately.

**Satellite Dishes:** Owner will permit Resident to install a satellite dish for personal, private use on the premises under the following conditions.

1. The satellite dish must be no larger than one meter (39.37”) in diameter, measured across its widest point.
2. The satellite dish may only be installed on the inside of a unit, balcony, patio or terrace, which is under the exclusive control of the Resident. Said satellite dish, or any part thereof, shall not extend beyond the balcony, patio or terrace railing.
3. Resident is specifically prohibited from making physical modifications to the premises and is prohibited from installing said satellite dish in common or access restricted areas, including but not limited to, outside walls, roofs, window sills, common balconies, walkways or stairways.
4. Satellite dishes must be mounted using clamp type mountings. No holes may be drilled in railings or exterior walls. Mounting dishes in these ways harms building weatherproofing and poses a risk to electrical wiring, piping, etc.
5. You may not make physical modifications to the Property and may not cause physical or structural damage to the Property. No holes may be drilled through exterior walls or the roof.
6. You must install, maintain and remove the satellite dish in a manner which is consistent with industry standards and you will be liable for any damage or injury caused by the installation, maintenance or removal of the satellite dish.

A separate written agreement and deposit is required prior to installation of a satellite dish.

JOHN DOE SAMPLE (Resident) Date
SECURITY RELEASE AGREEMENT

THIS AGREEMENT is entered into this day of by and between "Owner" (Landlord), and, "Resident" (Tenant) at the property located at, Apartment

Resident(s) agrees that he/she will inspect and will determine, to his/her satisfaction, that door locks, latches, window locks and other safety devices are in good working order. I agree to inspect and test each of these items and to give Owner/Management prompt written notice if I determine that any of the aforementioned devices needs repair or replacement. I understand these devices will be checked by Owner/Management upon move-in only unless otherwise requested in writing by me.

Resident(s) agrees that Owner/Management may alter or cancel any courtesy patrol service without notice and that Owner/Management has no obligation or liability for the acts or omissions of any agent of any courtesy patrol service which may be engaged by Owner/Management.

Resident(s) recognize that Owner/Management does not guarantee or assure his/her personal safety, and that Owner's/Management's efforts are voluntary and are done in an effort to reduce the risk of crime in the apartment community. I agree that the furnishing of safety devices and courtesy services will not constitute a guarantee of their effectiveness nor impose any obligation on Owner/Management, their respective agents, partners, officers, directors and representative, from any property damage which is in any way related either to my reliance on any of the safety devices or the courtesy service mentioned above or to any defect, malfunction or inadequacy concerning any of the safety devices.

This agreement is made to and becomes a part of the Lease Agreement dated

Executed this day of

JOHN DOE SAMPLE (Resident) Date (Agent/Owner) Date
SERVICE REQUEST PROCEDURE

Apartment Community Name:
Resident Name:
Apartment Number:
Date:

I have read the attached Rental Agreement and the "Mold/Moisture Disclosure Statement" Addendum.

I understand that the Service Request Procedure as explained herein, must be followed by all residents and is required in addition to my responsibilities as a resident as explained in the attached "ADDENDUM - Mold/Moisture Disclosure Statement".

I am aware that I must notify the apartment community office when maintenance or repair work needs to be performed in my apartment. I am aware that this can be done by one of the following methods:

1. By going to the apartment community office during normal working hours, and completing a "Service Request" form.

2. If I cannot come to the apartment community office in person, I will call the apartment community office during normal business hours, **Monday** through **Friday**, _____ to _____ to report my service request. Service requests can also be submitted by email to

3. In emergency situations, when the apartment community office is closed, I will call the apartment community office telephone number and leave a message with the answering service, pager system, on call personnel, etc.

4. All non-emergency requests for repairs will be handled during normal apartment community business hours.

5. Employees can not enter the apartment to make repairs if there are persons under 18 years of age in the home without an adult guardian.

I am aware that, if I do not report to the apartment community office repair work that needs to be performed in my apartment, I may be charged for damage incurred as a result of my negligence and/or alterations to equipment.

JOHN DOE SAMPLE (Resident) Date  (Agent/Owner) Date
SMOKE DETECTOR AGREEMENT

THIS AGREEMENT is entered into this _, by and between, _, "Owner(Landlord)," and _, "Resident." Apartment Number: _

IN CONSIDERATION OF THEIR MUTUAL PROMISES, OWNER AND RESIDENT AGREE AS FOLLOWS:

1. Resident is renting from Owner/Agent the premises located at _

2. This Agreement is an Addendum and is part of the Rental Agreement/Lease between Owner/Agent and Resident.

3. The apartment is equipped with a smoke detection device(s).

4. Resident acknowledges that the smoke detection device(s) was (were) tested and its operation demonstrated by management staff in the presence of Resident at the time of initial occupancy and the detector(s) in the apartment was working properly at that time.

5. Each resident shall perform the manufacturer's recommended test to determine if the smoke detector(s) is/are operating properly at least once a month.

6. Initial ONLY if BATTERY OPERATED: ______

   By initialing as provided, each Resident understands that said smoke detector(s) is a battery operated unit and it shall be each Resident's responsibility to:
   a. ensure that the battery is in operating condition at all times.
   b. replace the battery as needed (unless otherwise provided by law); and
   c. if, after replacing the battery, the smoke detector(s) does not work, inform the Management Representative immediately in writing.

7. Resident(s) must inform the Management Representative immediately in writing of any defect, malfunction or failure of any detector(s).

8. Resident(s) are not to disable the smoke detector for any reason. To intentionally disable the smoke detector puts life at risk and can result in termination of the rental agreement.

______________________________
(Resident) Date

______________________________
(Agent/Owner) Date
SPRINKLER SYSTEM ADDENDUM

This addendum becomes party of the lease agreement dated _, between _ and_ (Resident). 

Resident acknowledges that the apartment contains an automatic sprinkler system.

Resident should be careful not to trigger the overhead sprinkler system in their apartment when moving furniture. A simple depression of the sprinkler head will result in a total draining of the water from the sprinkler system.

Resident agrees not to hang clothing, hangers or other objects from the sprinkler heads.

Resident will be held liable for all damages to the apartment, flood clean up, and personal belongings caused by triggering the sprinkler system by improper use or damage.

Resident has read the aforementioned terms and agrees to abide by the terms.

_________________________________________  Date  ________________________________
JOHN DOE SAMPLE (Resident)  (Owner/Agent)  Date
LOW INCOME HOUSING TAX CREDIT (LIHTC)  
LEASE ADDENDUM 1

The following additional provisions are incorporated in full in the Lease Agreement between __________ hereinafter called "Owner/Management" and __________ hereinafter called "Resident", for the Premises known as __________ Apartment Number __________ located at __________ in the county of __________ In case of any conflict between these and any other provisions of the Lease Agreement, these provisions shall prevail. The Resident agrees to the following:

CONDITIONS GOVERNING LIHTC APARTMENTS:
1. __________ Resident understands that this development is subject to the Low Income Housing Tax Credit Program (LIHTC). Regulations and guidelines, as defined in the Internal Revenue Code of 1986, Section 42. Maximum income limits are published annually by the Department of Housing and Urban Development.
2. __________ ESCALATION CLAUSE/INCOME LIMITS: The rent at this property is governed by income limits, as periodically adjusted by HUD for the county or metropolitan statistical area (MSA). During the term of this lease, if the income limits increase, the rent which is based on the Income Limits may be raised with a Thirty (30) day notice to the new LIHTC maximum rent charge. This may occur during the term of the current lease.
3. __________ ESCALATION CLAUSE/UTILITY ALLOWANCE: If, during the term of this lease, the utility allowance is reviewed and changed, the net rent to the resident may be changed accordingly. Since the maximum LIHTC charge is resident rent plus the utility allowance, if the allowance increases the rent would decrease by the 30 day notice and should the utility allowance decrease, the rent could be increased in the same fashion. This may occur during the term of the current lease.
4. __________ REGULARLY SCHEDULED RECERTIFICATIONS: Every year, 120 days prior to the expiration of the income certification, the Owner/Agent will request the Resident to report the income and composition of the Resident's household and to supply any other information required by Owner for the purposes of determining the Resident's eligibility under IRC Section 42. The Resident agrees to provide accurate statements of this information and to do so by the date specified in the Owner/Agent's request. The Owner/Agent will verify the information supplied by the Resident and use the verified information for compliance purposes only.
   a. __________ Resident understands and agrees that a recertification of income shall be made to the Owner/Agent at least once a year from the date of the original certification at the time of admission to the property. Said recertification process must be completed prior to the annual expiration of each one-year term.
   b. __________ Resident understands and agrees to comply promptly with all requests by the Owner/Agent for information and certifications concerning the total current household income and household composition.
   c. __________ Resident understands and agrees that if the Resident does not submit the required recertification information by the date specified in the Owner/Agent's request, this will be considered material non-compliance and will result in termination of residency.
   d. __________ Resident understands and agrees that under IRC Section 42, many students are not LIHTC eligible. If changes in student status render the household ineligible, residency may be terminated upon Thirty (30) days written notice. This may occur at any time during the term of the current lease.
   e. __________ Resident understands and agrees that Resident shall not assign this Agreement, give accommodation to any roomers, lodgers or other persons not listed on the Lease and/or the Tenant Certification without Owner's written consent, or permit the use of the Premises for any purpose other than as a private dwelling solely for Resident and Resident's family. This provision does not exclude reasonable accommodation of Resident's guests or visitors. However, the Landlord reserves the right to terminate residency if it is suspected that a guest is an unauthorized occupant. Such suspicion may arise whenever an adult person(s) is making reoccurring visits or one continuous visit of 14 days. All adult household members must submit a completed application and qualify for residency.
5. FRAUD: Should management discover at any time that the household has provided false information in regard to income or illegal household members are living in the apartment, this would constitute a substantial violation of the lease and residency would be terminated in accordance with State Law.

JOHN DOE SAMPLE (Resident) Date (Owner/Agent) Date
WINDOW SAFETY ADDENDUM

This addendum becomes part of the Lease Agreement between _ and _ (Resident) for the premises located at _ Apt. #_. Resident agrees to be responsible for the safety of all occupants in the use and opening of windows.

Please review just a few simple steps to take to ensure household occupant safety around windows.

- Set and enforce rules about keeping play away from windows or patio doors.
- Be aware of the danger of falls from windows. Keep your windows closed and locked when children are around and no adults are present to supervise.
- When opening windows for ventilation, open windows that a child cannot reach.
- Keep furniture away from windows. Move chairs, cribs, beds, and other furniture away from windows.
- Never depend on an insect screen to keep your child from falling out of the window. Screens are intended to keep insects out.
- Whenever possible, open windows from the top, rather than the bottom.
- Screens must not be removed or tampered with.
- If Management finds the Resident screens on the ground, Management will place it back in the window and you will be charged for the labor involved.
- If the screen is damaged, Management will attempt to repair it and the Resident will be charged for labor and materials.
- If the screen cannot be repaired, the Resident will be charged for the cost of replacement.

Resident acknowledges that all of my screens are intact and in good condition. If damage occurs Resident understands that Resident is responsible for costs of repair and replacement.

Resident acknowledges the review and understanding of the window safety procedures.

________________________________________________________________________
JOHN DOE SAMPLE (Resident) Date (Owner/Agent) Date
DEFINITIONS.
“Complainant” is defined as any resident or prospective resident in the project whose rights duties, welfare, or status are or may be adversely affected by management’s action or failure to act and who file a grievance with management with respect to such action or failure to act. Complainant is referred to in this procedure as “complainant,” “you” or “tenant.”

“Grievance” is defined as any dispute with respect to management action or failure to act in accordance with lease requirements, or any management action or failure to act involving the interpretation or application of management regulations, policies, or procedures which adversely affects the rights, duties, welfare, or status of the complainant.

It is the policy of management that all residents’ grievances be given complete and objective consideration. Since, on rare occasions, this may require reference of a problem to higher levels of authority; this procedure has been adopted to assure that opportunity for full "due process" is given to all residents.

This procedure applies to both applicants and residents of (name of project). All residents are encouraged to use it without concern that it will reflect on their status as a resident.

Day-to-day contact and sincere communication between the manager and the residents is the most successful way to avoid misunderstandings and develop mutual respect. Should failings occur, the following steps shall be followed:

A. Rights to a grievance hearing
If you are a resident at (name of project) and you believe that management has acted so that your rights or status are adversely affected, or you believe that management has not complied with the terms of the residential lease it entered into with you, then you are entitled to a hearing in accordance with this grievance and appeal procedure.

You may also request a hearing if you have a complaint about another tenant concerning your or others’ health and safety or if the complaint in reference to the other tenant involves the maintenance and management of the project.

If you applied for a unit and were rejected, you also have the right to request a hearing.

The grievance and appeal procedure does not apply if:
1. You have been given a notice to vacate because:
   a. you are causing or permitting substantial damage to your unit;
   b. you are using your unit for unlawful purposes; or
   c. you have created or maintained an imminent threat to your health and safety or that of others.
2. You are disputing whether the terms and conditions in the lease are valid or proper.

B. Disputed rent or other charges
1. If the grievance involves the amount of rent or other charges that management claims are due, you must pay the amount in dispute to management, unless management waives the requirement. You must continue to pay all rent and charges not in dispute as they become due.

   If you fail to pay or deposit the funds as required, the hearing officer or panel may determine that you have waived your right to a formal hearing. If the hearing officer or panel decides that you have waived your right to a hearing you can still resolve your grievance in court.

C. Requesting a hearing
1. THE INFORMAL HEARING. The goal of the informal hearing is to settle the problem without the need for a formal hearing. If you have a complaint and request a hearing, you will have an informal hearing with the individual designated by management to hear complaints (usually the resident manager). Once requested, the informal hearing must be held between you and management within five working days after your request. Furthermore, management is obliged to give you its decision on the matter in writing within five days of the hearing. If the decision is not in your favor or the problem is not settled, you are entitled to request a formal hearing. The written decision will also include the procedures you must follow if you want to appeal the decision in a formal hearing.

2. PRESENT YOUR REQUEST FOR AN INFORMAL HEARING ON TIME. You must personally present your grievance either orally or in writing to our office so that you and we may discuss your grievance informally. You must present your grievance within a reasonable time, not to exceed ten (10) working days after the reason for the grievance or dispute arose.

   While you can present your grievance orally, it is better to state your grievance in writing. The grievance may be simply stated, but you must specify the particular ground(s) for the grievance and action or relief you seek.

   We will prepare a written, dated, and signed summary of our discussion and answer to your grievance within a reasonable time, not to exceed fourteen (14) days. We will mail or deliver one copy to you and keep one in your file. Our answer shall specify 1) the name of the hearing participant, 2) the date of the hearing, 3) the nature of the grievance, 4) the proposed disposition of the grievance and the specific reasons therefore, 5) your right to a formal
hearing, and 6) the procedure by which you may request a formal hearing if you are not satisfied with the proposed disposition.

3. **THE FORMAL HEARING.** If you are dissatisfied with management's decision at the informal hearing, you have a right to a formal hearing. An impartial person who is mutually agreeable to you and management will conduct the formal hearing. In the event you cannot agree on such a person, a three-person hearing panel will be selected. You will select one person, management will select another, and the first two panel members will jointly select the third person. These three individuals will comprise the hearing panel. If the members appointed by you and management cannot agree on a third person, such member shall be appointed by an independent organization contacted by management, such as the American Arbitration Association.

4. **PRESENT YOUR REQUEST FOR A FORMAL HEARING ON TIME.** If you want a formal hearing, you may submit a written request to us within ten (10) days after receiving the decision from the informal hearing. If you miss this 10-day deadline, the decision from the informal hearing will become final. This shall not, however, constitute a waiver of your right thereafter to contest the disposition of the grievance in an appropriate judicial proceeding.

As with the informal hearing, you must state the nature of your complaint or grievance, the reasons why you disagree with the decision resulting from the informal hearing and action or relief you seek.

5. **DO NOT MISS THE HEARING.** The hearing will be held no more than two weeks after management receives your request for a hearing. You will be given at least three days' notice of the hearing date. If you or management's representative fails to appear, the hearing officer or panel can either declare that the absent party has waived the right to a hearing or reschedule the hearing for a later date.

**D. Procedures governing the hearing**

The following procedures are intended to protect your right to a fair hearing:

1. You can bring as much evidence to the hearing as you think you need. However, the hearing officer or panel will determine if it relates sufficiently to the hearing to be considered.

2. You can bring someone to represent you at the hearing, but you must also be present.

3. You and management can have witnesses to support your respective positions, with the right to cross-examine each other's witnesses.

4. You will be given the opportunity before the hearing to examine and copy at your expense all documents, records, and regulations that are relevant to the hearing.

5. The hearing will be private, unless you choose to have a public hearing.

6. Either party may request that the hearing be tape-recorded at their own expense.

7. At the hearing, you must present your side of the dispute and state what you want done. It will then be management's burden to justify its actions. If the hearing relates to an eviction or lease termination, management must also prove "good cause," as defined in the Program Regulations. Good cause includes, but is not limited to, nonpayment of rent, noncompliance with the terms of the lease, subletting, failing to maintain eligibility under the Program and remaining on the property after your tenancy is terminated.

8. Those present at the hearing must conduct themselves in an orderly fashion. Failure to do so is sufficient grounds for the hearing officer or panel to render an adverse decision to the unruly parties.

9. If you need an interpreter, you must provide your own. Failure to bring an interpreter will not be grounds for a postponement of the hearing.

10. During the pendency of the informal and formal hearing process and until the delivery of the written decision to you, management will extend the time period imposed pursuant to a formal eviction procedure arising out of the issues in dispute, including any court filing date required of you.

**E. Decision of the hearing officer or panel**

The hearing officer or panel must send a written decision to all parties within two weeks of the request for the hearing. The decision will be based solely upon a preponderance of the evidence presented at the hearing and in conformance with applicable laws and/or regulations. Provided that the decision is consistent with the applicable laws and regulations, it will be binding on all the parties.

If the decision is in your favor, project management must promptly take all actions necessary to carry out the decision or refrain from any action prohibited by the decision. If the decision is not in your favor, you must promptly comply with the decision, terminate your tenancy and move, if required, or take your complaint to court.

**F. Unresolved grievances or additional appeals**

If the parties and hearing officer or panel are unable to resolve the grievance or any party wishes to make an additional appeal, either party may direct their complaint to the local responsible agency for review and recommendation.

Upon a written request from the local agency for interpretation, HCD shall be the final authority for purposes of interpretation of the procedures.
G. Right to go to court

Participation in any of the procedures described above will not waive, or affect in any manner whatsoever, any rights you or management may have to any judicial proceedings that may thereafter be brought on the matter.

JOHN DOE SAMPLE (Resident) Date (Owner/Agent) Date
EXHIBIT E

SCHEDULE OF INSURANCE REQUIREMENTS

1. General Requirements

In order to close, the following insurance specifications must be met and approved in writing by the Bank’s insurance consultant. Copies of policies together with an original ACORD 28 (Evidence of Property Insurance) and an ACORD 25 (Certificate of Insurance) or an approved equivalent listing all coverage will be accepted for pre-closing contingent on complete “true and certified” copies of the policies with all endorsements attached being received within 90 days after closing. Each certificate must correctly identify the property by address and the insured by borrowing entity name.

Policy premiums cannot be financed or paid in installments to an insurance carrier, but must be paid in full as evidenced by a paid receipt presented prior to or at pre-closing. All policies and renewals thereof are to be written for not less than one year. An escrow account, as described further in the loan application, will be established to pay the premium at renewal.

All of the liability policies must be written and provide for claims to be paid on an “Occurrence” basis.

Each policy must have a cancellation provision that provides that the carrier will notify Mortgagee, its successors and/or assigns, in writing at least 30 days in advance of any policy reduction or cancellation for any reason except for non-payment of premium (for which not less than 10 days written notice shall be provided).

The insurer under each policy shall be a domestic primary insurance company duly qualified as such under the laws of the states in which the Property is located and duly authorized, admitted and licensed in such states to transact the applicable insurance business and to write the insurance provided and must have and maintain a rating of AA or higher by Standard & Poor’s or A.M. Best rating of A-IX or higher for any Mortgage Loan $20,000,000 or above. For any Mortgage Loan below $20,000,000, the insurance carrier must have and maintain a rating of “A” or higher by Standard & Poor’s and/or an A.M. Best rating of A-VI or higher.

The insurance policies may be part of a blanket policy provided the insured acknowledges that failure to pay any portion of the premium which is not allocable to the mortgaged property or any other action not relating to the mortgaged property which would otherwise permit the issuer to cancel the coverage, would require the mortgaged property to be insured by a separate, single-property policy. The blanket policy must properly identify and fully protect the mortgaged property as if a separate policy were issued for 100% of Replacement Cost (insurable value) at the time of loss, allocate a portion of the premium to the mortgaged property, and otherwise meet all applicable insurance requirements of the Bank.

During the life of the loan, should any condition change or occur which affects the levels of risk anticipated, Borrower will be required to obtain appropriate coverage to mitigate the associated risk.
If any required type of coverage is not available for the mortgaged property, Mortgagee shall have no obligation to close the loan.

2. **Mortgagee Clause**

   All policies must include EXACTLY the following standard, non-contributory, mortgagee clause:

   U.S. Bank National Association
   located at:
   Global Corporate Trust Services
   One California Street, Suite 1000
   Mail Code: SF-CA-SF10
   San Francisco, CA 94111
   Attention: Myrna Presto-Choroski

   Mortgagee must be named as a first Mortgagee with respect to buildings, Loss Payee with respect to loss of rents/business interruption, and Additional Insured with respect to general liability.

3. **Waiver of Subrogation**

   Not Required.

4. **Required Insurance Coverage**

   Borrower is required to maintain the following policies of insurance during the term of the Loan:

   - **All Risk or Special Causes of Loss Form Property Insurance.** Property insurance must be maintained insuring against loss or damage by fire, lightning, wind and such other perils as are included in a standard “all-risk” or “special causes of loss” form, and against loss or damage by all other risks and hazards covered by a standard property insurance policy including, without limitation, riot and civil commotion, vandalism, malicious mischief, burglary and theft. Such insurance shall be in an amount equal to the then full replacement cost of the Improvements, Equipment and personal property, without deduction for physical depreciation, no co-insurance is permitted, and maximum acceptable deductible is $25,000. If the property is “non-conforming” with respect to zoning requirements, Borrower will be required to maintain “demolition” insurance (in an amount equal to 10% of the building value) and “increased cost of construction” insurance (in an amount equal to 25% of the building value). The burden to prove conforming use is the borrowers.

   - **Terrorism Insurance.** For Loans in excess of $10 million and if the insurance required under the subparagraph immediately above excludes terrorism, terrorism insurance must be maintained, unless at the time of determination: (i) it is not available at commercially

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Loan Agreement

Exhibit E
reasonable rates; (ii) no affiliates of Borrower have purchased terrorism insurance with respect to another property, (iii) terrorism insurance is not commonly maintained by owners of other similar properties and (iv) it is not required for securitized loans similar to the Loan and secured by property similar to the Property in the commercial mortgage-backed securities market.

- **Flood Insurance.** If any portion of the Improvements are located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards (i.e. Zone A and V) and in which flood insurance is made available under the National Flood Insurance Program, then flood insurance must be maintained at least equal to the lesser of (A) the full replacement cost, together with business interruption coverage or (B) the maximum limit of coverage available for the Property under the National Flood Insurance Act of 1968, The Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994, as each may be amended, or $250,000 per residential building and $500,000 per commercial building.

- **Earthquake Insurance.** If a seismic study is required by this Program Summary and such study reveals a 50 year/10% PML of not more than 20% of the replacement cost (as determined by the Bank), earthquake insurance will not be required. If the PML study reveals that a 50 year/10% PML of greater than 20% of the replacement cost, then earthquake insurance must be maintained in an amount equal to the replacement cost with a maximum deductible of 10% replacement cost.

- **Boiler and Machinery Insurance.** If the Property contains HVAC equipment, or there are boilers or other pressure-fired vessels that are required to be regulated by the state in which the property is located, then Broad Form Boiler and Machinery Insurance (without exclusion for explosion and including “system breakdown coverage) must be maintained on the Property and Improvements in an amount at least equal to or greater than the repair and full replacement cost of such equipment and insurance against loss of occupancy or use arising from any breakdown of such equipment in such amounts as are generally required by institutional lenders for properties comparable to the Property.

- **Business Interruption/Loss of Rental Income Insurance.** Business Interruption and/or loss of rental income insurance must be maintained in an amount sufficient to provide proceeds that will cover the “actual loss” sustained during the restoration. No co-insurance is permitted. The “actual loss” coverage amount may be capped based on projected gross revenues (less non-recurring expenses) for a twelve (12) month period. The policy can provide an “Extended Period of Indemnity” endorsement for at least an additional 90 days for loans of $20 million or more. The perils covered by this insurance shall be the same as those required to be covered on the real property including flood, terrorism and earthquake, as necessary.

- **Builders Risk Insurance.** Borrower is required to maintain, at all times during which structural construction repairs or alterations are being made with respect to the improvements (A) owner’s contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the above mentioned commercial
(B) the insurance provided for in Paragraph 1 hereof written in a so-called builder’s risk completed value form (1) on a non-reporting basis, (2) against all risks insured against pursuant to said Paragraph 1 hereof, (3) including permission to occupy the Property, and (4) with an agreed amount endorsement waiving co-insurance provisions.

- **Commercial General Liability Insurance.** Borrower must maintain Commercial General Liability Insurance on an “occurrence” form including broad form property damage, contractual damages and personal injuries (including death resulting therefrom) and a liquor liability endorsement if Borrower sells liquor on the Property. In addition, excess and/or umbrella liability insurance must be maintained against all claims typically covered by an umbrella liability policy including all legal liability imposed upon Borrower and all court costs and attorneys’ fees connected with the ownership, operation, and maintenance of the Property and Equipment, including products/completed operations, if applicable. The per occurrence limits including umbrella liability insurance, if applicable, must be maintained in the minimum amounts as outlined below:

  - $1,000,000 total coverage for 1 to 3 story buildings
  - $5,000,000 total coverage for 4 to 10 story buildings
  - $10,000,000 total coverage for 11 to 20 story buildings
  - $25,000,000 total coverage for buildings with greater than 20 stories

  If Borrower has a multi-location policy or loan, the aggregates referred to above must be maintained on a per location basis.

- **Wind Insurance.** If the All Risk or Special Cause of Loss coverage excludes wind, the Borrower must present evidence of separate wind coverage. Maximum acceptable deductible for this peril is 5% of total insured value.

- **Sinkhole and Mine Subsidence Insurance.** Sinkhole and mine subsidence insurance must be maintained if, in the opinion of a professional engineer, whose resume shows evidence of his/her experience in this professional area, that there is a foreseeable risk of loss due to this hazard. If necessary, as determined by the engineer, Borrower shall maintain coverage in the full principal amount of the Loan.

- **Statutory Workers Compensation Insurance.** If Borrower has employees on site, statutory workers compensation insurance as required by law and including employer’s liability must be maintained in an amount that is at least customary for employers insuring similar risks.

- **Hired and Non-Owned Auto Insurance.** If Borrower has employees on site, Hired and Non-Owned Auto Insurance must be maintained in an amount equal to $1 Million combined single limit.
- **Employee Dishonesty.** If Borrower has employees on site, in an amount not less than three (3) months of gross revenue from the property and with a deductible not greater than Twenty-Five Thousand and no/100 Dollars ($25,000). This coverage is required only on Cooperative Corporations.

- **Other Insurance Coverage.** Such other insurance with respect to the Property or on any replacements or substitutions or additions or increased coverage limits as may from time to time be required by the holder of the Loan against other insurable hazards or casualties which at the time are commonly insured against in the case of property similarly situated, including, without limitation, sinkhole, mold, mine subsidence, earthquake and environmental insurance, due regard being given the height and type of buildings, their construction, location, use and occupancy.
EXHIBIT F
FORM OF MONTHLY LEASE UP REPORT

MOVE IN DATABASE

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<th>Lease Rent</th>
<th>Certified or Move in Date</th>
<th>Lease Expiration</th>
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EXHIBIT G-1

FORM OF STABILIZATION CERTIFICATE

______________, ______

U.S. BANK NATIONAL ASSOCIATION
Global Corporate Trust Services
One California Street, Suite 1000
Mail Code: SF-CA-SF10
San Francisco, CA 94111
Attention: Myrna Presto-Choroski

Re: Pacific Pointe at the Shipyard Apartments Project (the “Project”)

Ladies and Gentlemen:

The undersigned, being the owner of the Project, hereby certifies to U.S. Bank National Association, as trustee (the “Trustee”) and [________________] (as servicer, acting on behalf of the Servicer of the bonds issued in connection with the Project, the “Servicer”) that:

1. The Improvements are [90]% occupied by tenants meeting the requirements of the Loan Documents in each of three (3) prior consecutive months.

2. The ratio of Net Operating Income in each of the prior three (3) months to maximum principal and interest payable in any month under the Loan Documents on the amount of Bonds Outstanding at the time of calculation is [1.2] to 1.0.

3. Stabilization [has/has not] occurred.

4. Attached hereto is a worksheet showing the calculation of Stabilization.
Capitalize terms used herein and not defined shall have the meanings ascribed thereto in the Loan Agreement dated as of October 1, 2014 by and among the California Municipal Finance Authority, the Trustee, and the undersigned.

AMCAL Pacific Pointe Fund, L.P.,
a California limited partnership

By: AMCAL Multi-Housing Two, LLC, a
California limited liability company, its
Administrative General Partner

By: _______________________________
Arjun Nagarkatti, President

By: YCD MGP I, LLC, a California limited liability company, its Managing General Partner

By: Young Community Developers, Inc., a California nonprofit public benefit corporation, its sole member and manager

By: _______________________________
Shamann Walton, Executive Director
Stabilization Spreadsheet
FORM OF FINAL STABILIZATION CERTIFICATE

U.S. BANK NATIONAL ASSOCIATION
Global Corporate Trust Services
One California Street, Suite 1000
Mail Code: SF-CA-SF10
San Francisco, CA 94111
Attention: Myrna Presto-Choroski

Re: Pacific Pointe at the Shipyard Apartments Project (the “Project”)

Ladies and Gentlemen:

The undersigned, being the owner of the Project, hereby certifies to U.S. Bank National Association, as trustee (the “Trustee”) and [________________] (as servicer, acting on behalf of the Servicer of the bonds issued in connection with the Project, the “Servicer”) that:

The undersigned hereby represents and warrants that:

CERTIFICATE:

1. Defined Terms. All capitalized terms not defined in this Certificate shall have the meanings ascribed to them in the Loan Agreement.

2. Representations and Warranties. Borrower hereby makes for the benefit of Servicer and its successor and assigns, and as of the date hereof, each of the representations, warranties and covenants set forth in the Loan Agreement, and hereby further represents, warrants and covenants to Servicer and its successors and assigns, as of the date hereof that:

   (a) Modifications. Since the closing date of the Loan, the terms of the Note, the Instrument and other Permanent Loan Documents have not been impaired, waived, altered or modified in any material respect, except pursuant to the written agreements between Borrower and Servicer.

   (b) Appraisal Update. Borrower has obtained and provided to Servicer prior to the date hereof either (i) a letter update to the appraisal of the Project obtained in connection with the origination of the Loan, or (ii) a desk review of such appraisal, either of which was performed after construction of the Project was completed.

   (c) Condition of Property. The Project is (a) free and clear of any damage that would materially and adversely affect its value as security for the Loan and (b) to
Borrower’s knowledge, all building systems contained therein are in good working order so as not to materially and adversely affect its value as security for the Loan.

(d) Environmental Report. Borrower has furnished to Servicer a Phase I environmental site assessment of the Project in connection with or subsequent to the origination of the Loan (the “Environmental Report”). Borrower has no knowledge of any material and adverse environmental condition or circumstance affecting the Project which is not disclosed in such Environmental Report. Any environmental condition or circumstance disclosed in such Environmental Report either has been fully remediated or is not material. No action has been taken by Borrower, or to its knowledge, any other person, that would subject the Project to liability pursuant to applicable environmental laws, rules, or regulations and Borrower has not received any notice from any governmental authority or other person of any failure under any applicable environmental laws, rules or regulations with respect to the Project.

(e) No Holdbacks. The proceeds of the Loan have been fully disbursed and there is no obligation for future advances with respect thereto.

(f) Fair Market Value. Either: (a) the Loan is secured by an interest in real property having, to Borrower’s knowledge based upon an appraisal obtained in connection with the origination of the Loan and updated or reviewed in accordance with subsection (b) above, a fair market value, at the date hereof, at least equal to 90 percent of the original principal balance of the Loan; provided that for purposes hereof, the fair market value of the real property interest must first be reduced by (x) the amount of any lien on the real property interest that is senior to the Loan and (y) a proportionate amount of any lien that is in parity with the Loan; or (b) substantially all the proceeds of such Loan were used to acquire, improve or protect the real property which served as the only security for such Loan (other than a recourse feature or other third party credit enhancement within the meaning of Treasury Regulations Section 1.860G-2(a)(1)(ii)).

(g) Advancement of Funds by Servicer; Tax Credit Advances. No advance of funds that has not been repaid prior to the date hereof has been made by Servicer for the payment of any principal and/or interest payment required, after the date hereof, to be paid with respect to the Loan. Other than with respect to principal and/or interest payable under the Loan or any bridge loan made to Borrower by Servicer, no portion of the Loan has been advanced to Borrower for the payment of any principal and/or interest required to be paid by Borrower with respect to any other loan. Either (i) all of the tax credit equity contributions have been fully funded by the tax credit investor prior to the date hereof, or (ii) as of the date hereof, the failure to fully fund such tax credit equity contributions has not triggered a default under any other obligation that could result in a lien against the Project or render Borrower insolvent and the Project continues to qualify to receive the tax credits. To the extent the Project has any units for which tax credits are sought pursuant to Section 42 of the Internal Revenue Code, those units have been placed in service, within the meaning of such Section 42 of the Internal Revenue Code and a true and correct copy of IRS Form 8609 issued to the Borrower has been provided to the Servicer.
(h) **No Mechanics’ Liens.** The Project is free and clear of any and all mechanics’ and materialmen’s liens that are prior or equal to the lien of the Instrument, and no rights are outstanding that under law could give rise to any such lien that would be prior or equal to the lien of the Instrument except, in each case, for liens insured against by the Title Policy (as defined below).

(i) **Improvements; No Encroachments.** To Borrower’s knowledge, all of the material improvements on the Project which were considered in determining the appraised value of the Project lay wholly within the boundaries and building restriction lines of such property, except for encroachments that are insured against by the Title Policy or that do not materially and adversely affect the value of such Project, and no improvements on adjoining properties materially encroached upon such Project so as to materially and adversely affect the value of such Project, except those encroachments that are insured against by the Title Policy.

(j) **Licenses and Permits.** Borrower is in possession of all material licenses, permits and franchises required by applicable law for the ownership and operation of the Project as it is now operated.

(k) **Stabilization Conditions.** All of the following conditions (the “Stabilization Conditions”) have been met with respect to the Loan:

(i) Borrower has provided to Servicer prior to the date hereof all of the documents and other items required to be delivered to Servicer pursuant to the Loan Documents (unless waived by the Servicer in writing) and any other items requested by Servicer in connection with the Stabilization of the Loan.

(ii) Borrower has paid or has made arrangements to pay to Servicer, on the same day as the delivery of this Certificate the conversion fee due to Servicer pursuant to the terms of the Loan Documents.

(iii) Borrower has provided to Servicer digital photographs of the Project taken after completion of construction.

(iv) Borrower has provided to Servicer prior to the date hereof all of the following documents which documents are in material compliance with the Loan Documents and in form and substance satisfactory to Servicer:

1. Evidence of zoning compliance (including parking) for the Project, which evidence may be in the form of a building permit and a certificate of occupancy (or their equivalents) if the building authority and the zoning authority are the same;

2. True and correct copies of an unconditional certificate of occupancy form the appropriate governmental authority empowered to exercise jurisdiction over the Project and/or each unit, as applicable, or if such jurisdiction does not issue certificates of occupancy or an equivalent thereto, evidence that the
Project has passed all inspections and received all approvals which are conditions precedent to occupancy of the Project;

(3) Evidence that all public utilities necessary for operation of the Project are connected and available for use;

(4) An as-built survey;

(5) An endorsement to the Title Policy or, in the event such original endorsement has not been issued, an original binder or actual title commitment or a copy thereof, with the original endorsement to follow within 180 days of the Stabilization Date insuring Servicer’s first lien subject only to Permitted Encumbrances and, unless otherwise agreed to in writing by Servicer, not listing the Loan Documents as an exception;

(6) Updated certificates of good standing from the applicable governmental authority (if issued by such an authority) for Borrower, each general partner or managing member, as applicable of Borrower, any key principal of Borrower and any guarantor or indemnitor, and, to the extent such documents were modified since the closing date of the Loan, updated organizational documents for Borrower, each general partner or managing member, as applicable of the Borrower, any key principal of Borrower and any guarantor or indemnitor;

(7) Evidence of property insurance and other insurance required by the Instrument;

(8) Architect’s certificate concerning completion, certifying that the improvements at the Project have been completed (i) in a good and workmanlike manner and substantially in accordance with the approved plans and specifications, and (ii) in compliance with all applicable requirements of all governmental authorities having jurisdiction over the Project.

(v) Borrower has provided Servicer with a certified rent roll for each of the three (3) consecutive, full calendar months immediately preceding the month in which this Certificate is executed (the “Stabilization Period”), each certified by Borrower as true, correct and complete, demonstrating that during each month of the Stabilization Period, the actual physical and economic occupancy of the residential units at the Project under Acceptable Leases (as defined below) was no less than ninety percent (90%) (the rent rolls for the second and third months of the Stabilization Period must be dated 30 days and 60 days, respectively, from the date of the rent roll for the first month of the Stabilization Period). Borrower hereby represents and warrants that there has been no material adverse change in the information contained in the rent rolls since the respective dates of such rent rolls.

(vi) The Project has produced an average monthly Net Operating Income (as defined below) (taking into account any partial prepayment of the Loan occurring in
connection with Stabilization to the permanent phase) during the three months of the Stabilization Period (provided that the actual Net Operating Income for the last calendar month of the Stabilization Period shall not be lower than the average Net Operating Income during the Stabilization Period) which (A) produces a debt service coverage ratio equal to or higher than the Minimum Debt Coverage Ratio, and (B) supports a principal balance of the Loan on the date hereof equal to or greater than the Loan Amount.

“Acceptable Leases” means written lease agreements on a customary residential lease form, with tenants other than employees of Borrower or any property manager for the Project or any affiliate of the Borrower or such property manager, providing for initial lease terms of not less than six (6) months nor more than two (2) years, complying with all applicable laws.

“Adjusted Operating Expenses” means the Operating Expenses, as determined and adjusted by the Servicer, including, without limitation, adjustment to (i) correspond to assumptions made by the Servicer in underwriting the Loan to the extent such assumptions are more conservative than actually realized, and (ii) any periodic or seasonal changes in Operating Expenses (including not yet incurred and re-leasing expenses) occurring outside of the Stabilization Period.

“Adjusted Operating Revenues” means the Operating Revenues, as determined and adjusted by the Servicer, including, without limitation, the following adjustments: (i) adjustments to correspond to assumptions made by Servicer in underwriting the Loan to the extent such assumptions were more conservative than revenues actually realized, (ii) adjustment to include any periodic or seasonal changes in Operating Revenues occurring outside the Stabilization Period, and (iii) adjustments to Operating Revenues to exclude amounts attributable to occupancy in excess of the economic vacancy assumption for the Project determined by Servicer. Rents used in calculating Adjusted Operating Revenues will include only rents collected pursuant to Acceptable Leases and may not include premiums (excess rent above typical rent for a standard unit with a standard term lease) derived from corporate units (units rented to business entities), furnished units, short term leases or similar factors.

“Annual Debt Service Constant” means the constant annual percentage necessary to fully amortize the Loan in level monthly annuity payments over the amortization period described in the Note at the permanent phase interest rate (when expressed as a percentage, the Annual Debt Service Constant must be carried out to at least six decimal places).

“Minimum Debt Coverage Ratio” is a debt service coverage ratio of not less than 1.20x.

“Net Operating Income” is the excess of the Adjusted Operating Revenue over Adjusted Operating Expenses.

“Operating Expenses” are all reasonable and necessary expenses of operating the Project in the ordinary course of business which are actually incurred by Borrower (appropriately prorated for any expenses that, although actually incurred in a particular period, also relate to other periods) and which are directly associated with and fairly allocable to the Project for the applicable period, including, without limitation, ad valorem real estate taxes and assessments,
insurance premiums and regularly scheduled tax and insurance impounds paid with respect to the Loan (without taking any such payment or expense into account more than once), deposits to replacement reserves, maintenance costs, management fees determined by Servicer (not including out-of-pocket cost reimbursements required under the applicable management agreement in such limitation), accounting, legal, and other professional fees, fees relating to environmental audits, wages, salaries, and personnel expenses, but excluding payments of principal and interest on the Note, capital expenditures, any of the foregoing expenses which are paid from deposits to cash reserves previously included as Operating Expenses, and any payment or expense for which Borrower was or is to be reimbursed from proceeds of the Loan or insurance or by any third party. Operating Expenses shall not include federal, state or local income taxes, corporate overhead or fees or legal and other professional fees unrelated to the operation of the Project.

“Operating Revenues” means all cash receipts of Borrower from operation of the Project or otherwise arising in respect of the Project which are properly allocable to the Project for the applicable period, including receipts from leases and parking agreements, concession fees and charges and other miscellaneous operating revenues, proceeds from rental or business interruption insurance, withdrawals from cash reserves (except to the extent any operating expenses paid therewith are excluded from Operating Expenses), but excluding security deposits and earnest money deposits until they are forfeited by the depositor, advance rentals until they are earned, and proceeds from a sale or other disposition.

“Stabilized Loan Amount” is the amount achieved by dividing (x) by (y), where (x) is the quotient obtained by dividing the Net Operating Income of the Property by the Minimum Debt Service Coverage Ratio, and (y) is the Annual Debt Service Constant or, expressed as a formula:

\[ \text{Loan Amount} = \frac{x}{y} = \frac{\text{Net Operating Income} \div \text{Minimum Debt Service Coverage Ratio}}{\text{Annual Debt Service Constant}} \]

3. **Determination of Stabilization.** Borrower acknowledges and agrees that Servicer shall take such time as is reasonably and customarily required to affirm the representations and warranties made in this Certificate. Borrower further acknowledges and agrees that the Stabilization Date shall be the later of the date on which Servicer affirms the representations and warranties or the date on which all other conditions for Stabilization as defined in the Loan Agreement are satisfied. Borrower acknowledges and agrees that the period of time required for Servicer to undertake prudent, industry-standard efforts to affirm Stabilization shall not defer, delay, or extend Borrower’s obligation to stabilize the Project by the Stabilization Deadline, unless such deferral, delay, or extension is otherwise provided for.

4. **Cooperation.** Borrower shall provide Servicer, or cause to be provided to Servicer, all documents and other evidence reasonably requested by Servicer in order to verify the compliance of the Project and the Loan with the Stabilization Conditions.

Exhibit G-2

Loan Agreement
5. **Breach.** It is hereby acknowledged that if there is a breach of any of the representations and warranties made in this Certificate, such breach shall constitute an Event of Default under the Loan Agreement.

[Signatures on the following page]
IN WITNESS WHEREOF, Borrower has caused this Certificate to be executed by its duly authorized officers as of the date first above written.

BORROWER:

AMCAL Pacific Pointe Fund, L.P.,
a California limited partnership

By: AMCAL Multi-Housing Two, LLC, a California limited liability company, its Administrative General Partner

By: ____________________________
    Arjun Nagarkatti, President

By: YCD MGP I, LLC, a California limited liability company, its Managing General Partner

By: Young Community Developers, Inc., a California nonprofit public benefit corporation, its sole member and manager

By: ____________________________
    Shamann Walton, Executive Director
SUBJECT TO THE EXCEPTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE (HEREINAFTER DEFINED), THE PURCHASER OF THIS BOND MUST BE AN “APPROVED INSTITUTIONAL BUYER” AS DEFINED IN THE INDENTURE AND PURSUANT TO THE TERMS THEREOF AND WILL BE REQUIRED TO EXECUTE AND DELIVER AN INVESTMENT LETTER AGREEMENT THAT WILL, AMONG OTHER THINGS RESTRICT TRANSFER OF THIS BOND.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(PACIFIC POINTE AT THE SHIPYARD APARTMENTS PROJECT),
SERIES 2014A-2

No. R-1

Dated Date: November 3, 2014

Registered Owner: Bank of America, N.A.

Maturity Date: November 1, 2033

Principal: $2,963,800

Interest Rate: As stated below

California Municipal Finance Authority (hereinafter called the “Issuer”), a joint exercise of powers agency organized and existing under the laws of the State of California, for value received hereby promises to pay (but only from the sources and as hereinafter provided) to the Registered Owner specified above, or registered assigns, the amount set forth above, or so much of such maximum authorized principal amount as may have been purchased by the Owner of this Bond from time to time in accordance with the terms of this Bonds and Section 3.01(b) of the Indenture (described below) on the Maturity Date specified above, upon presentation and surrender of this Bond at the principal office of U.S. Bank National Association or its successor as trustee (the “Trustee”), under the Indenture, and to pay (but only from the sources and as hereinafter provided) interest on said principal amount at the interest rate set forth above, from and including the dated date hereof until the principal amount shall have been paid in accordance with the terms of this Bond and the Indenture, as and when set forth below, but only from the sources and as hereinafter provided, by wire transfer if there be one Owner of all of the Bonds or otherwise by check or draft mailed to the record Owners of Bonds as the same appear upon the books of registry to be maintained by the Trustee, as registrar.

This Bond is one of an authorized series of Bonds of the Issuer designated California Municipal Finance Authority Multifamily Housing Revenue Bonds (Pacific Pointe at the Shipyard Apartments Project), Series 2014A and issued in the aggregate principal amount of $20,475,000 (collectively, the “Bonds”). The Bonds are issued for the purpose of funding a loan to AMCAL Pacific Pointe Fund, L.P., a California limited partnership (the “Borrower”), in order to finance a portion of the costs of the construction and equipping of a 60-unit multifamily
In conjunction with, and on a parity with, the issuance of this Bond, the Issuer is also issuing its Multifamily Housing Revenue Bonds (Pacific Pointe at the Shipyard Apartments Project), Series 2014A-1 to fund the remaining portion of the loan relating to the Project. This Bond is a “Series A-2 Bond” (as that term is defined in the Indenture described below).

In conjunction with the issuance of the Bonds, Bank of America, N.A., as lender, has agreed to loan the Borrower $2,500,000 to finance certain costs related to the construction and development of improvements of the Project pursuant to a construction loan agreement and promissory note, secured by a leasehold construction deed of trust with assignment of rents, security agreement and fixture filing and certain other documents, which shall share a first lien pari-passu with the loan relating to the Project.

This Bond is being issued as a draw-down bond, in that the holders of the Bonds will purchase the principal amount of the Bonds in installments, at par, in accordance with the terms of and as required by section 3.01(b) of the Indenture. Accordingly, the principal amount of the Bonds which have been purchased by the holders and are outstanding at any given time may be less than the maximum principal amount of the Bonds as set forth on the face of this Bond. Upon each purchase of a portion of the principal amount of the Bonds in accordance with the terms of section 3.01(b) of the Indenture, the Trustee will note on a log maintained by the Trustee for such purpose the principal amount of the Bonds so purchased, the date of such purpose and the identity of such purchaser. The records maintained by the Trustee in such regard will be conclusive evidence of the principal amount of the Bonds which have been purchased and are outstanding. If presented to the Trustee by the holder of this Bond, the principal amount of the Bonds purchased by the owner of this Bond will be noted by the Trustee on schedule 1 attached to this Bond.

Payment of the principal of and interest on this Bond is required to be made directly to the registered owner hereof without notation hereon. It cannot be determined from the face of this Bond whether all or any part of the principal of or interest on this Bond has been paid.

This Bond is issued under and pursuant to the Trust Indenture dated as of October 1, 2014 between the Issuer and the Trustee (as amended and supplemented from time to time, the “Indenture”), and the Act (as that term is defined in the Indenture). Reference is made to the Indenture and the Act for a full statement of their respective terms. Capitalized terms used herein and not otherwise defined herein have the respective meanings accorded such terms in the Indenture, which is hereby incorporated herein by reference. The Bonds issued under the Indenture are expressly limited to $20,475,000 in aggregate principal amount at any time Outstanding and are all of like tenor, except as to numbers and denominations. Pursuant to a Loan Agreement (the “Loan Agreement”) and two Promissory Notes (collectively, the
("Notes"), each dated as of October 1, 2014, the Borrower has agreed to make payments to the Trustee in amounts equal to amounts of principal of and interest on the Bonds.

NONE OF THE ISSUER, ANY ISSUER MEMBER OR ANY PERSON EXECUTING THE BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM AND SECURED BY THE TRUST ESTATE. NEITHER THE ISSUER, ITS MEMBERS, 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 WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, ITS MEMBERS, 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 HAS NO TAXING POWER.

The Issuer shall not be liable for payment of the principal of, 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 Loan Agreement.

Interest Rates. This Bond shall bear interest at the rate or rates set forth in the Indenture.

Usury. Notwithstanding any provision of this Bond to the contrary, in no event shall the interest contracted for, charged or received in connection with this Bond (including any other costs or considerations that constitute interest under the laws of the State which are contracted for, charged or received pursuant to this Bond) exceed the maximum rate of nonusurious interest allowed under the laws of the State as presently in effect and to the extent of any increase allowable by such laws. To the extent permitted by law, interest contracted for, charged or received on this Bond shall be allocated over the entire term of this Bond, to the end that interest paid on this Bond does not exceed the maximum amount permitted to be paid thereon by law. Excess interest, if any, provided for in this Bond, or otherwise, shall be canceled automatically as of the date of such acceleration or, if theretofore paid, shall be credited as principal paid on this Bond.

Registration and Transfer. THIS BOND IS SUBJECT TO THE TRANSFER RESTRICTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the office of the Trustee as registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of any authorized denomination or denominations, of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Bonds are issuable as fully
registered Bonds in Authorized Denominations as provided in the Indenture. The Issuer, the
Trustee, and any other person may treat the person in whose name this Bond is registered on
the books of registry as the Owner hereof for the purpose of receiving payment as herein provided
and for all other purposes, whether or not this Bond be overdue, and no person shall be affected
by notice to the contrary.

Redemption of Bonds. This Bond is subject to optional and mandatory redemption (and
purchase in lieu of redemption by the Borrower) prior to maturity as a whole or in part at such
time or times, under such circumstances, at such redemption prices and in such manner as is set
forth in the Indenture.

Enforcement. Only the Servicer shall have the right to direct the Trustee to enforce the
provisions of this Bond or the Indenture or to institute any action to enforce the covenants herein
or therein, or to take any action with respect to any Event of Default under the Indenture, or to
institute, appear in or defend any suit or other proceedings with respect thereto, except as
provided in the Indenture. If an Event of Default occurs and is continuing, the principal of all
Bonds then outstanding may be declared due and payable by the Servicer upon the conditions
and in the manner and with the effect provided in the Indenture. As provided in the Indenture,
and to the extent permitted by law, interest and a penalty rate of interest shall be payable on
unpaid amounts due hereon.

Discharge. The Indenture prescribes the manner in which it may be discharged and after
which the Bonds shall be deemed to be paid and no longer be secured by or entitled to the
benefits of the Indenture, except for the purposes of registration and exchange of Bonds and of
such payment.

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

This Bond shall not be valid or obligatory for any purpose until it shall have been signed
on behalf of the Issuer and such signature attested, by the officer, and in the manner, provided in
the Indenture, and authenticated by a duly authorized officer of the Trustee, as Authenticating
Agent.

It is hereby certified and recited that all conditions, acts and things required by the
statutes of the State or by the Act or the Indenture to exist, to have happened or to have been
performed precedent to or in the issuance of this Bond exist, have happened and have been
performed and that the issue of the Bonds, together with all other indebtedness of the Issuer, is
within every debt and other limit prescribed by said statutes.

In the event of any inconsistency between the provisions of this Bond and the provisions
of the Indenture, the provisions of the Indenture shall control.
IN WITNESS WHEREOF, the CALIFORNIA MUNICIPAL FINANCE AUTHORITY has caused this Bond to be duly executed by its Authorized Representative all as of the Dated Date set forth above.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY, as Issuer

By: [Signature]

Authorized Signatory
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture and issued under the provisions of the within mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: ____________________________
Signature

______________________________
Printed Name

______________________________
Title

Date of Authentication: November 3, 2014
ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

the within and hereby authorizes the transfer of this Bond on the registration books of the

Trustee.

Dated: ______________________

Authorized Signature

Name of Transferee

Signature Guaranteed by

Name of Bank

By: ______________________

Title: ______________________
SCHEDULE A

$2,963,800
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(PACIFIC POINTE AT THE SHIPYARD APARTMENTS PROJECT),
SERIES 2014A-2

DRAW-DOWN PURCHASES

The installment reflected by the draw-down of this Bond may be registered only by the
registered owner in person or by its duly authorized officer or attorney upon presentation hereof
to the Bond Registrar, who shall make note thereof in the books kept for such purpose and in the
registration blank below.

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<tr>
<th>Date of Draw-Down</th>
<th>Name of Registered Owner</th>
<th>Principal Amount</th>
<th>Signature of Bond Registrar</th>
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SUBJECT TO THE EXCEPTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE (HEREINAFTER DEFINED), THE PURCHASER OF THIS BOND MUST BE AN “APPROVED INSTITUTIONAL BUYER” AS DEFINED IN THE INDENTURE AND PURSUANT TO THE TERMS THEREOF AND WILL BE REQUIRED TO EXECUTE AND DELIVER AN INVESTMENT LETTER AGREEMENT THAT WILL, AMONG OTHER THINGS RESTRICT TRANSFER OF THIS BOND.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(PACIFIC POINTE AT THE SHIPYARD APARTMENTS PROJECT),
SERIES 2014A-1

No. R-1
Dated Date: November 3, 2014
Registered Owner: Bank of America, N.A.
Maturity Date: May 1, 2017
Principal: $17,511,200
Interest Rate: As stated below

California Municipal Finance Authority (hereinafter called the “Issuer”), a joint exercise of powers agency organized and existing under the laws of the State of California, for value received hereby promises to pay (but only from the sources and as hereinafter provided) to the Registered Owner specified above, or registered assigns, the amount set forth above), or so much of such maximum authorized principal amount as may have been purchased by the Owner of this Bond from time to time in accordance with the terms of this Bonds and Section 3.01(b) of the Indenture (described below) on the Maturity Date specified above, upon presentation and surrender of this Bond at the principal office of U.S. Bank National Association or its successor as trustee (the “Trustee”), under the Indenture, and to pay (but only from the sources and as hereinafter provided) interest on said principal amount at the interest rate set forth above, from and including the dated date hereof until the principal amount shall have been paid in accordance with the terms of this Bond and the Indenture, as and when set forth below, but only from the sources and as hereinafter provided, by wire transfer if there be one Owner of all of the Bonds or otherwise by check or draft mailed to the record Owners of Bonds as the same appear upon the books of registry to be maintained by the Trustee, as registrar.

This Bond is one of an authorized series of Bonds of the Issuer designated California Municipal Finance Authority Multifamily Housing Revenue Bonds (Pacific Pointe at the Shipyard Apartments Project), Series 2014A and issued in the aggregate principal amount of $20,475,000 (collectively, the “Bonds”). The Bonds are issued for the purpose of funding a loan to AMCAL Pacific Pointe Fund, L.P., a California limited partnership (the “Borrower”), in order to finance a portion of the costs of the construction and equipping of a 60-unit multifamily
residential housing project in the City and County of San Francisco, California (the “Project”). In conjunction with, and on a parity with, the issuance of this Bond, the Issuer is also issuing its Multifamily Housing Revenue Bonds (Pacific Pointe at the Shipyard Apartments Project), Series 2014A-2 to fund the remaining portion of the loan relating to the Project. This Bond is a “Series A-1 Bond” (as that term is defined in the Indenture described below).

In conjunction with the issuance of the Bonds, Bank of America, N.A., as lender, has agreed to loan the Borrower $2,500,000 to finance certain costs related to the construction and development of improvements of the Project pursuant to a construction loan agreement and promissory note, secured by a leasehold construction deed of trust with assignment of rents, security agreement and fixture filing and certain other documents, which shall share a first lien pari-passu with the loan relating to the Project.


PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND IS REQUIRED TO BE MADE DIRECTLY TO THE REGISTERED OWNER HEREOF WITHOUT NOTATION HEREON. IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER ALL OR ANY PART OF THE PRINCIPAL OF OR INTEREST ON THIS BOND HAS BEEN PAID.

This Bond is issued under and pursuant to the Trust Indenture dated as of October 1, 2014 between the Issuer and the Trustee (as amended and supplemented from time to time, the “Indenture”), and the Act (as that term is defined in the Indenture). Reference is made to the Indenture and the Act for a full statement of their respective terms. Capitalized terms used herein and not otherwise defined herein have the respective meanings accorded such terms in the Indenture, which is hereby incorporated herein by reference. The Bonds issued under the Indenture are expressly limited to $20,475,000 in aggregate principal amount at any time Outstanding and are all of like tenor, except as to numbers and denominations. Pursuant to a Loan Agreement (the “Loan Agreement”) and two Promissory Notes (collectively, the
“Notes”), each dated as of October 1, 2014, the Borrower has agreed to make payments to the Trustee in amounts equal to amounts of principal of and interest on the Bonds.

NONE OF THE ISSUER, ANY ISSUER MEMBER OR ANY PERSON EXECUTING THE BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM AND SECURED BY THE TRUST ESTATE. NEITHER THE ISSUER, ITS MEMBERS, 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 WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, ITS MEMBERS, 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 HAS NO TAXING POWER.

The Issuer shall not be liable for payment of the principal of, 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 Loan Agreement.

Interest Rates. This Bond shall bear interest at the rate or rates set forth in the Indenture.

Usury. Notwithstanding any provision of this Bond to the contrary, in no event shall the interest contracted for, charged or received in connection with this Bond (including any other costs or considerations that constitute interest under the laws of the State which are contracted for, charged or received pursuant to this Bond) exceed the maximum rate of nonusurious interest allowed under the laws of the State as presently in effect and to the extent of any increase allowable by such laws. To the extent permitted by law, interest contracted for, charged or received on this Bond shall be allocated over the entire term of this Bond, to the end that interest paid on this Bond does not exceed the maximum amount permitted to be paid thereon by law. Excess interest, if any, provided for in this Bond, or otherwise, shall be canceled automatically as of the date of such acceleration or, if theretofore paid, shall be credited as principal paid on this Bond.

Registration and Transfer. THIS BOND IS SUBJECT TO THE TRANSFER RESTRICTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the office of the Trustee as registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of any authorized denomination or denominations, of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Bonds are issuable as fully
registered Bonds in Authorized Denominations as provided in the Indenture. The Issuer, the 
Trustee, and any other person may treat the person in whose name this Bond is registered on the 
books of registry as the Owner hereof for the purpose of receiving payment as herein provided 
and for all other purposes, whether or not this Bond be overdue, and no person shall be affected 
by notice to the contrary.

Redemption of Bonds. This Bond is subject to optional and mandatory redemption (and 
purchase in lieu of redemption by the Borrower) prior to maturity as a whole or in part at such 
time or times, under such circumstances, at such redemption prices and in such manner as is set 
forth in the Indenture.

Enforcement. Only the Servicer shall have the right to direct the Trustee to enforce the 
provisions of this Bond or the Indenture or to institute any action to enforce the covenants herein 
or therein, or to take any action with respect to any Event of Default under the Indenture, or to 
institute, appear in or defend any suit or other proceedings with respect thereto, except as 
provided in the Indenture. If an Event of Default occurs and is continuing, the principal of all 
Bonds then outstanding may be declared due and payable by the Servicer upon the conditions 
and in the manner and with the effect provided in the Indenture. As provided in the Indenture, 
and to the extent permitted by law, interest and a penalty rate of interest shall be payable on 
unpaid amounts due hereon.

Discharge. The Indenture prescribes the manner in which it may be discharged and after 
which the Bonds shall be deemed to be paid and no longer be secured by or entitled to the 
benefits of the Indenture, except for the purposes of registration and exchange of Bonds and of 
such payment.

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

This Bond shall not be valid or obligatory for any purpose until it shall have been signed 
on behalf of the Issuer and such signature attested, by the officer, and in the manner, provided in 
the Indenture, and authenticated by a duly authorized officer of the Trustee, as Authenticating 
Agent.

It is hereby certified and recited that all conditions, acts and things required by the 
statutes of the State or by the Act or the Indenture to exist, to have happened or to have been 
performed precedent to or in the issuance of this Bond exist, have happened and have been 
performed and that the issue of the Bonds, together with all other indebtedness of the Issuer, is 
within every debt and other limit prescribed by said statutes.

In the event of any inconsistency between the provisions of this Bond and the provisions 
of the Indenture, the provisions of the Indenture shall control.
IN WITNESS WHEREOF, the CALIFORNIA MUNICIPAL FINANCE AUTHORITY has caused this Bond to be duly executed by its Authorized Representative all as of the Dated Date set forth above.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY, as Issuer

By: [Signature]

Authorized Signatory
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture and issued under the provisions of the within mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ___________________________

Signature

_____________________________
Printed Name

_____________________________
Title

Date of Authentication: November 3, 2014

OHSUSA:759223636.2
ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

______ the within and hereby authorizes the transfer of this Bond on the registration books of the

Trustee.

Dated: ______________________

Authorized Signature

Name of Transferee

Signature Guaranteed by

Name of Bank

By: ______________________

Title: ______________________
SCHEDULE A

$17,511,200
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(PACIFIC POINTE AT THE SHIPYARD APARTMENTS PROJECT),
SERIES 2014A-1

**DRAW-DOWN PURCHASES**

The installment reflected by the draw-down of this Bond may be registered only by the registered owner in person or by its duly authorized officer or attorney upon presentation hereof to the Bond Registrar, who shall make note thereof in the books kept for such purpose and in the registration blank below.

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CALIFORNIA MUNICIPAL FINANCE AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(PACIFIC POINTE AT THE SHIPYARD APARTMENTS PROJECT),
SERIES 2014A-1

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(PACIFIC POINTE AT THE SHIPYARD APARTMENTS PROJECT),
SERIES 2014A-2

MATURITY SCHEDULE TO FINAL CDIAC

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