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2016-0461

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**INDENTURE**

**by and between the**

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

**and**

**U.S. BANK NATIONAL ASSOCIATION,  
as Bondowner Representative**

**dated as of April 4, 2016**

**relating to:  
\$29,476,000  
County of Contra Costa, California  
Multifamily Housing Revenue Bonds  
(East Bluff Apartments), Series 2016A**

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## INDENTURE

This Indenture, dated as of April 4, 2016 (this "Indenture"), is by and between the County of Contra Costa, California, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California (herein called the "Issuer"), and U.S. Bank National Association, a national banking association organized under the laws of the United States of America, and being qualified to accept and administer the obligations and duties of the Bondowner Representative hereunder, as Bondowner Representative (herein called the "Bondowner Representative").

### RECITALS:

**WHEREAS**, under the provisions of Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the California Health and Safety Code (the "Act"), the Issuer proposes to issue its County of Contra Costa, California Multifamily Housing Revenue Bonds (East Bluff Apartments), Series 2016A (the "Bonds"); and

**WHEREAS**, the Issuer and the Bondowner Representative have duly entered into a construction loan agreement, dated the same date as the date of this Indenture (the "Agreement" or the "Loan Agreement") with EB, L.P., a California limited partnership (the "Borrower"), specifying the terms and conditions of the lending of the proceeds of the Bonds (the "Loan") to the Borrower for the financing of a portion of the costs of the acquisition and rehabilitation of 144 units of multifamily rental housing (inclusive of two manager's units) located at 1813 Marlesta Court in the City of Pinole, California (as more fully described in the definition "Project" in Section 1.01 hereof, the "Project), and the repayment by the Borrower of the Loan; and

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

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

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

### AGREEMENT:

**NOW, THEREFORE, THIS INDENTURE WITNESSETH**, that in order to secure the payment of the principal of, and the interest and premium, if any, on, all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance

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

## ARTICLE I

### DEFINITIONS AND GENERAL PROVISIONS

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

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

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

The term "**Affiliate**" means, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

The term "**Agreement**" or "**Loan Agreement**" means the Construction Loan Agreement, dated the same date as the date of this Indenture, among the initial Bondowner Representative, the Issuer and the Borrower; provided, however, upon the Permanent Lender's purchase of the Bonds pursuant to the Bond Purchase Agreement, the Loan Agreement shall be supplemented by the terms of the Permanent Loan Agreement, whereupon the term "Loan Agreement" shall thereafter mean and refer to the Loan Agreement, as supplemented by the Permanent Loan Agreement.

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

The term "**Assignment of Deed of Trust**" means the Assignment of Deed of Trust and Related Documents, dated the same date as the date of this Indenture, by the Issuer to the Bondowner Representative.

The term "**Authorized Amount**" means Twenty-Nine Million Four Hundred Seventy-Six Thousand Dollars (\$29,476,000), the authorized maximum principal amount of the Bonds.

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

The term "**Authorized Denomination**" means \$250,000 or any integral multiple of \$5,000 in excess thereof, provided that in any event one Bond may be in a denomination equal to the outstanding principal amount of the Bonds.

The term "**Authorized Issuer Representative**" means the Chair or Vice Chair of the Board of Supervisors of the Issuer, or the Issuer's County Administrator, Director of the Department of Conservation and Development, or Community Development Board Program Manager, or any other person designated to act in such capacity by a Certificate of the Issuer.

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

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

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

The term "**Bondowner Representative**" means (a) initially, U.S. Bank National Association, a national banking association organized under the laws of the United States of America and, on and after the Permanent Lender's purchase of the Bonds pursuant to the Bond Purchase Agreement, CCRC; or (b) any successor thereto under Section 8.08 hereof; or (c) subject to the provisions of Section 8.07, any entity that is the owner of a majority in principal amount of the Bonds then Outstanding or a Person selected by the owners of a majority in principal amount of the Bonds then Outstanding.

The term "**Bond Purchase Agreement**" means the Bond Purchase Agreement, dated as of the same date as the date of this Indenture, by and among the Initial Bond Purchaser, the Permanent Lender and the Borrower, as it may be amended and supplemented according to its terms.

The term "**Bonds**" means the County of Contra Costa, California Multifamily Housing Revenue Bonds (East Bluff Apartments), Series 2016A, issued and outstanding hereunder.

The term "**Bond Year**" means the one-year period beginning on January 1 in each year and ending December 31 in the following year, except that the first Bond Year shall begin on the Closing Date and end on December 31, 2016.

The term "**Borrower**" means EB, L.P., a California limited partnership, and its successors and assigns under the provisions of the Loan Agreement and the Regulatory Agreement.

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

The term "**CCRC**" means and refers to California Community Reinvestment Corporation, a California nonprofit public benefit corporation, and its successors and assigns.

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

The term "**Certified Resolution**" means a copy of a resolution of the Issuer certified by a member of the Board of Directors of the Issuer or the Executive Director of the Issuer to have been duly adopted by the Issuer and to be in full force and effect on the date of such certification.

The term "**Closing Date**" means the date of initial delivery of the Bonds and funding by the initial owner of the Bonds of the Initial Disbursement.

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

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

The term "**Conversion**" has the meaning given to that term in the Bond Purchase Agreement.

The term "**Conversion Date**" has the meaning given to that term in the Bond Purchase Agreement.

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

The term "**Deed of Trust**" means the Construction and Permanent Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated the same date as the date of this Indenture, executed by the Borrower for the benefit of the Issuer, for the purpose of securing the obligations of the Borrower under the Note and the Loan Agreement (except as otherwise provided in the Loan Agreement), as such deed of trust is originally executed or as from time to time supplemented and amended in accordance with its terms and the terms of the Loan Agreement.

The term "**Default Rate**" has the meaning given to such term in the Loan Agreement.

The term "**Event of Default**" as used herein, other than with respect to defaults under the Loan Agreement, shall have the meaning specified in Section 7.01 hereof; and as used in the Loan Agreement shall have the meaning specified in Section 15.1 thereof.

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

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

The term "**Indenture**" means this Indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture entered into pursuant to the provisions hereof.

The term "**Initial Bond Purchaser**" means U.S. Bank National Association.

The term "**Initial Disbursement**" means the amount of the initial funding of the Bonds on the Closing Date, as set forth in a Receipt for Promissory Note and Acknowledgement of Funding of Bonds executed by the Bondowner Representative and delivered on the Closing Date.

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

The term "**Interest Payment Date**" means the first calendar day of each month, commencing May 1, 2016.

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

(a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (a);

(b) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following: Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;

(c) repurchase agreements (including those of the Bondowner Representative) fully secured by collateral security described in clause (a) or (b) of this definition, which collateral (i) is held by the Agent or a third party agent approved by the Bondowner Representative during the term of such repurchase agreement, (ii) is not subject to liens or claims of third parties and (iii) has a market value (determined at least once every fourteen (14) days) at least equal to the amount so invested;

(d) certificates of deposit of, or time deposits or deposit accounts in, any bank (including the Bondowner Representative) or savings and loan association (i) the debt obligations of which (or in the case of the principal bank of a holding company, the debt obligations of the bank holding company of which) have been rated "A" or better by S&P, or (ii) which are fully insured by the Federal Deposit Insurance Corporation, or (iii) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (a) or (b) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;

(e) investment agreements of financial institutions or insurance companies, in each case having uninsured, unsecured and unguaranteed obligations rated "AA-" or better by S&P, provided, however, that any such investment may be provided by a financial institution or insurance company having uninsured, unsecured and unguaranteed obligations not rated "AA-" or better by S&P, if such investment is unconditionally insured, guaranteed or enhanced by an entity whose uninsured, unsecured and unguaranteed obligations are rated "AA-" or better by S&P;

(f) shares in any investment company registered under the federal Investment Company Act of 1940 whose shares are registered under the federal Securities Act of 1933 and whose only investments are government securities described in clause (a) or (b) of this definition and repurchase agreements fully secured by government securities described in clause (a) or (b) of this definition and/or other obligations rated "AAA" by S&P, including investment companies and master repurchase agreements from which the Bondowner Representative or an affiliate derives a fee for investment advising or other service;

(g) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated "A" or better by S&P or mutual funds invested only in such obligations;

(h) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;

(i) commercial paper rated "A" or better by S&P;

(j) corporate notes or bonds with one year or less to maturity rated "A" or better by S&P;

(k) a money market account or savings account with the Bondowner Representative; or

(l) any other investment approved by the Bondowner Representative.

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

with the financing proceedings; and (h) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

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

The term "**Loan**" means the loan made by the Issuer to the Borrower pursuant to the Agreement for the purpose of financing costs of the acquisition and rehabilitation by the Borrower of the Project.

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

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

The term "**Maturity Date**" means April 1, 2038.

The term "**Maximum Lawful Rate**" means the highest per annum rate of interest permissible to be borne by the Bonds under the Act and any other applicable laws of the State of California.

The term "**Note**" means the Promissory Note evidencing the Loan, in the form executed by the Borrower on the Closing Date, and as it may be amended in accordance with the terms of the Loan Agreement and this Indenture.

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

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

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

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

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

The term "**Outstanding**" or "**outstanding**," when used with respect to the principal amount of any particular Bond, means the amount of the purchase price of the Bond theretofore advanced by the Bondowner, less any principal that has theretofore been repaid.

The term "**Permanent Lender**" means CCRC.

The term "**Permanent Loan Agreement**" means that certain Permanent Loan Agreement, dated as of the same date as the date of this Indenture, by and between the Permanent Lender and the Borrower with respect to the Project.

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

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

The term **"Principal Payment Date"** means any date on which principal of the Loan is due and payable under the Note, as provided in the Loan Agreement and the Note.

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

The term **"Project"** means 144 units of multifamily rental housing to be acquired and rehabilitated by the Borrower with proceeds of the Loan, located at 1813 Marlesta Court in the City of Pinole, California, including fixtures and equipment, and including an allocable share of common areas in the building, as well as any structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such units, areas and facilities, and shall include a fee interest in the real property on which such housing is to be located.

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

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

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

The term **"Regulatory Agreement"** means the Regulatory Agreement and Declaration of Restrictive Covenants, dated the same date as the date of this Indenture, by and between the Issuer and the Borrower, as in effect on the Closing Date and as thereafter amended in accordance with its terms.

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

The term **"Revenues"** means all amounts pledged hereunder to the payment of principal of, premium, if any, and interest on the Bonds, including, but not limited to, repayments of the Loan required or permitted to be made by the Borrower pursuant to Sections 2.1, 2.2(a), (c) and (d), 2.4 and 2.8 of the Loan Agreement; but such term shall not include payments to the United States, the Issuer, the Administrator or the Bondowner Representative pursuant to Sections 2.2(e), 2.5, 2.6, 9.1(c) and (g), 10.1, 10.2, 10.3, 12.10, 16.2 or 16.36 of the Loan Agreement or Sections 6.08 or 8.06 hereof or Sections 2(t), 4A, 9 or 20 of the Regulatory Agreement.

The term **"S&P"** means Standard & Poor's Ratings Services, a division of the McGraw Hill Financial, Inc., or its successors and assigns or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized rating agency designated by the Bondowner Representative.

The term **"State"** means the State of California.

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

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

The term **"Unassigned Rights"** means those certain rights of the Issuer under the Loan Agreement and the Regulatory Agreement to indemnification and to payment or reimbursement of fees and expenses of the Issuer, its right to enforce the Regulatory Agreement pursuant to the terms of such agreement, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorneys' fees and related expenses, its right to enforce the Borrower's covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Issuer), its right to receive notices and to grant or withhold consents or waivers under the Regulatory Agreement and this Indenture, its right to amend this Indenture and the Regulatory Agreement in accordance with the provisions hereof and thereof, and its right to approve any amendment to Section 8.11 of the Loan Agreement, or to Section 16.17 of the Loan Agreement that conflicts with Section 2.05 of this Indenture.

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

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

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

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

## ARTICLE II

### THE BONDS

**Section 2.01. Authorization.** There are hereby authorized to be issued bonds of the Issuer designated as "County of Contra Costa, California Multifamily Housing Revenue Bonds (East Bluff Apartments), Series 2016A," in the aggregate principal amount of up to the Authorized Amount. No Bonds may be issued under this Indenture except in accordance with this Article.

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

The Bonds shall be issuable only as fully registered Bonds, without coupons, in the form of a single Bond in the principal amount equal to the aggregate of the purchase price of the Bonds advanced from time to time by the owner(s) of the Bonds (which principal amounts shall be, on the Closing Date, the amount referenced in Section 3.01(vii)). The Bonds shall be dated the Closing Date and shall be subject to redemption prior to maturity as provided in Article IV. The Bonds shall mature on the Maturity Date.

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

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

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

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

The Issuer hereby acknowledges that the Borrower is obligated to pay late fees, loan related fees and other charges under the Note (and as otherwise provided in the Loan Agreement) to the Bondowner Representative, which amounts are paid for the benefit of the Bondowner Representative and shall be retained by the Bondowner Representative for its own account.

**Section 2.03. Payment of Bonds.** Payment of the principal of and interest on any Bond shall be made in lawful money of the United States to the Person appearing on the Bond registration books of the Issuer (maintained by the Bondowner Representative) as the registered owner thereof on the applicable Interest Payment Date, such principal and interest to be paid by

check mailed on the Interest Payment Date by first class mail, postage prepaid, to the registered owner at its address as it appears on such registration books, except that the Bondowner Representative may, at the request of any registered owner of Bonds, make payments of principal and interest on such Bonds by wire transfer to the account within the United States designated by such owner to the Bondowner Representative in writing.

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

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

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

(b) Notwithstanding any other provision hereof, Bonds which are rated lower than BBB-minus by a nationally-recognized municipal rating agency, or Bonds that are not rated, may not be registered in the name of, or transferred to, any person except an Approved Institutional Buyer that executes and delivers to the Bondowner Representative and the Issuer an investor letter substantially in the form attached hereto as Exhibit B; provided, however, that no investor letter is required to be executed by an Affiliate of the Initial Bond Purchaser or an Approved Institutional Buyer that is a trust or other custodial entity sponsored by the Initial Bond Purchaser or an Affiliate of the Initial Bond Purchaser.

Nothing contained in this Section 2.05(b) shall be deemed to limit or otherwise restrict the sale by any holder of any participation interests in any Bond; provided that (i) such holder shall remain the holder of record of such Bond following the sale of any such participation interest; (ii) the purchaser of the participation interest is an Approved Institutional Buyer (in which event such holder shall remain holder for all purposes of this Indenture); (iii) any such participation shall be in a principal amount of at least \$250,000; and (iv) the purchaser of such participation interest shall provide an investor letter to the Issuer substantially in the form of Exhibit B hereto.

(c) Bonds may only be transferred in Authorized Denominations.

(d) The Bondowner Representative shall not allow any transfer of the Note or the Loan, or any interest or interests therein, except in connection with a transfer of a like amount of the Bonds or an interest or interests in the Bonds.

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

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

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

(h) Notwithstanding the foregoing, the Issuer agrees that the Initial Bond Purchaser shall have the right to sell and transfer the Bonds to CCRC (and/or any Affiliate of CCRC). If CCRC and the Bondowner Representative shall so elect by notice to the Issuer, upon the Conversion Date, CCRC shall purchase the Loan (instead of the Bonds), the Bonds shall be cancelled, and the Issuer and Bondowner Representative shall transfer and assign to CCRC all of their respective right, title and interest in, to and under (except, as to the Issuer, the Unassigned Rights, which shall be retained by the Issuer) the Note, the Loan Agreement, the Deed of Trust and the other applicable Loan Documents and the Collateral (as defined in the Loan Agreement). Upon such purchase and transfer of the Loan and applicable Loan Documents and cancellation of the Bonds, neither the Issuer nor the Bondowner Representative shall have any further interest in the Loan or the Loan Documents (except, as to the Issuer, the Unassigned Rights, which shall be retained by the Issuer), and this Indenture shall terminate. Upon a purchase of the Loan by CCRC as described in this Section 2.05, the Issuer and the Bondowner Representative shall execute and deliver any additional documents and take any other actions that are reasonably necessary in order to effect the cancellation of the Bonds and the transfer of the Loan and applicable Loan Documents to CCRC, all at the expense of the Borrower.

(i) Any purported transfer of Bonds not in compliance with the requirements of this Section 2.05 shall be void.

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

**Section 2.07. Replacement of Bonds.** Upon receipt of evidence reasonably satisfactory to the Issuer of the loss, theft, destruction or mutilation of any of the Bonds, or of any replacement

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

## ARTICLE III

### ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

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

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

(ii) an original executed counterpart of the Loan Agreement;

(iii) the original executed Note, endorsed without recourse by the Issuer to Bondowner Representative;

(iv) an original executed counterpart of the Assignment of Deed of Trust, the Deed of Trust and the other Loan Documents;

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

(vi) an original executed counterpart of the Regulatory Agreement;

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

(viii) an Investor's Letter in the form of Exhibit B hereto, signed by the initial owner of the Bonds; and

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

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

**Section 3.03. Program Fund.** (a) There is hereby created and established with the Bondowner Representative a fund which shall be designated the "Program Fund." Upon the initial delivery of the Bonds, there shall be deposited in the Program Fund the amount specified in Section 3.01(vii). If required under the provisions of Section 3.02, the Bondowner Representative shall deposit any future advances of the purchase price of the Bonds to the Program Fund. The Borrower also may be required to remit moneys to the Bondowner Representative for deposit to the Program Fund pursuant to the Loan Agreement. Amounts deposited or held in such fund shall be applied only as provided in this Section.

(b) An amount equal to the Initial Disbursement, representing the initial advance by the owners of the Bonds of the purchase price of the Bonds, shall be disbursed by the Bondowner Representative via wire transfer from the Bondowner Representative to First American Title Insurance Company (to pay Project Costs).

(c) Subject to Section 2.01 hereof, the Issuer hereby authorizes and directs the disbursement by the Bondowner Representative to the Borrower of the principal amount of the Bonds not disbursed under Section 3.03(b) above, represented by future advances of the purchase price of the Bonds and any amounts from time to time on deposit in the Program Fund in accordance and upon compliance with the provisions of Sections 3.3 and 3.4, as applicable, of the Loan Agreement. The Bondowner Representative shall provide, upon written request of the Issuer, a written notice to the Issuer describing the date of each disbursement of the purchase price of the Bonds and the amount of each disbursement thereof made by the Bondowner Representative.

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

(e) From and after the earlier of (i) the Conversion Date or (ii) April 1, 2019, no further advances of the purchase price, or disbursements of the proceeds, of the Bonds shall occur.

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

## ARTICLE IV

### REDEMPTION OF BONDS

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

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

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

(c) The Bonds shall be subject to redemption in whole or in part on any date at a price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date, together with any applicable premium, from the proceeds of any mandatory prepayment of the Note under the terms of the Note.

The Bondowner Representative is hereby authorized and directed, and hereby agrees, to fix the date for any such redemption, and, if moneys provided from the sources contemplated by this Indenture, the Loan Agreement and the Note are available, to redeem the applicable Bonds so called on the date so fixed by the Bondowner Representative. If there is more than one Bondowner of the Bonds to be redeemed in part as of any date of redemption, the Bonds shall be redeemed pro rata among the Bondowners. So long as there is only one Bondowner, the Bondowner need not surrender its Bond in connection with any redemption of the Bonds. The Bondowner Representative shall give written notice of such redemption to the Issuer.

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

**Section 4.03. Effect of Redemption.** The Bonds so called for redemption shall, on the redemption date selected by the Bondowner Representative, become due and payable at the redemption price specified herein, and if moneys provided from the sources contemplated by this Indenture and the Loan Agreement for payment of the redemption price are then held by the Bondowner Representative, interest on the Bonds so called for redemption shall cease to accrue, said Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and the holders of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

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

## ARTICLE V

### REVENUES

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

All of the Revenues are hereby irrevocably pledged to the punctual payment of the principal of, and interest and any premium on, the Bonds. The Issuer also hereby irrevocably transfers, grants a security interest in and assigns to the Bondowner Representative, for the benefit of the holders from time to time of the Bonds all of the Issuer's right, title and interest in (a) the Revenues; (b) all other amounts payable to Issuer under, or pursuant to, the Note and the other Loan Documents, including but not limited to all proceeds of any title insurance policy, casualty insurance policy or other insurance policy, all proceeds of any condemnation or other taking and all revenues, proceeds, payments and other amounts received from any foreclosure (or action in lieu of foreclosure) or other enforcement action taken pursuant to the Deed of Trust or any other Loan Document (other than amounts paid pursuant to Section 12.10 of the Loan Agreement (solely as they relate to the indemnification of the Issuer and its officers, Supervisors, employees, attorneys and agents)); (c) all amounts from time to time on deposit in any fund or account created hereunder, under the Loan Agreement or under any other Loan Document and held by the Bondowner Representative; (d) the Deed of Trust; (e) the Loan Agreement (except for the Unassigned Rights, including the rights of the Issuer under Sections 4A, 9 and 20 of the Regulatory Agreement and Section 12.10 of the Loan Agreement (solely as they relate to the indemnification of the Issuer and its officers, Supervisors, employees, attorneys and agents)); (f) the Note; (g) the other Loan Documents; (h) all amendments, modifications, supplements, increases, extensions, replacements and substitutions to or for any of the foregoing; and (i) all proceeds of the foregoing, whether voluntary or involuntary.

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

insurance proceeds, other insurance proceeds, condemnation and other taking awards and proceeds and other amounts.

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

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

The Issuer shall not be liable for payment of the principal of 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 or the other Loan Documents.

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

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

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

On each date on which principal of or interest on the Bonds is due and payable, the Bondowner Representative shall pay such amount from the Bond Fund (to the extent of the funds contained therein).

So long as the Bondowner Representative and/or its affiliates are the Holders of all of the Bonds, no Revenues shall be deposited into the Bond Fund, and instead all such Revenues, including any payments or prepayments of principal, interest or premium, if any, on the Note actually made by the Borrower to the Bondowner Representative shall be deemed to be like payments or prepayments of principal, interest or premiums (if any) on the Bonds (and no such payments or prepayments shall be required to be deposited into the Bond Fund).

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

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

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

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

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

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

During the period that the Bondowner Representative and/or its affiliates are the Holders of all of the Bonds, the Bondowner Representative may hold all funds commingled in a single fund, uninvested, or apply such funds as otherwise agreed between the Bondowner Representative and the Borrower, provided that at all times the Bondowner Representative can determine the amounts attributable to the Bonds and the Loan and any investment earnings thereon.

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

**Section 5.05. Notice of Payment in Full of Bonds.** The Bondowner Representative shall provide the Issuer with notice that the Bonds have been paid-in-full, promptly following when such payment occurs.

## ARTICLE VI

### COVENANTS OF THE ISSUER

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

**Section 6.02. Paying Agents.** The Issuer, with the written approval of the Bondowner Representative, may appoint and at all times have one or more paying agents in such place or places as the Issuer may designate, for the payment of the principal of, and the interest (and premium, if any) on, the Bonds; provided, however, that so long as U.S. Bank National Association and/or one or more of its affiliates are the registered owners of all of the Bonds then Outstanding, the Bondowner Representative shall have the sole right to appoint, remove and/or replace any paying agent(s) for the Bonds. It shall be the duty of the Bondowner Representative to make such arrangements with any such paying agent as may be necessary and feasible to assure, to the extent of the moneys held by the Bondowner Representative for such payment, the availability of funds for the prompt payment of the principal of and interest and premium, if any, on the Bonds presented at any place of payment. The paying agent initially appointed hereunder is the Bondowner Representative.

**Section 6.03. Preservation of Revenues; Amendment of Documents.** The Issuer (a) shall not take any action to interfere with or impair the pledge and assignment hereunder of Revenues and the assignment to the Bondowner Representative of rights of the Issuer under the Agreement, the Deed of Trust and the other Loan Documents, or the Bondowner Representative's enforcement of any rights hereunder or thereunder; provided that the Issuer may take actions under or pursuant to the Unassigned Rights, (b) shall not take any action to impair the validity or enforceability of the Agreement, the Deed of Trust or the other Loan Documents, and (c) shall not waive any of its rights under or any other provision of or permit any amendment of the Agreement, the Deed of Trust or the other Loan Documents, without the prior written consent of the Bondowner Representative; provided that such consent of the Bondowner Representative shall not be required if the Bondowner Representative shall have received an opinion of Bond Counsel to the effect that such amendment (i) is required to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes or compliance by the Bonds or the Project with the Act and the laws of the State of California; and (ii) will not adversely affect the interests of the Bondholders.

The Bondowner Representative may give such written consent, and may itself take any such action or consent to a waiver of any provision of or an amendment or modification to or replacement of the Agreement, the Deed of Trust, the Regulatory Agreement, any of the other Loan Documents, or any other document, instrument or agreement relating to the security for the Bonds, only if (i) such action or such waiver, amendment, modification or replacement (a) is authorized or required by the terms of this Indenture, the Agreement, the Deed of Trust, the applicable Loan Documents or the Regulatory Agreement, or (b) will not, based on an Opinion of Counsel furnished to the Bondowner Representative, materially adversely affect the interests of the holders of the Bonds or result in any impairment of the security hereby given for the payment of the Bonds, or (c) has first been approved by the written consent of all of the holders of the Bonds then Outstanding; (ii) the Bondowner Representative shall have first obtained an opinion of Bond Counsel to the effect that such action or such waiver, amendment, modification or replacement will not adversely affect the exclusion of interest on the Bonds from gross income

for federal income tax purposes or conformance of the Bonds and the Project with the Act or the laws of the State of California relating to the Bonds; and (iii) the Bondowner Representative provides written notice of any amendment to, or modification or replacement of, any Loan Document to the Issuer. The foregoing provisions of this paragraph, however, shall not in any way abrogate the Unassigned Rights of the Issuer; and provided that in any event any amendments to such documents do not provide for any additional duties or costs with respect to the Issuer for which the Borrower does not agree in advance to reimburse or indemnify the Issuer therefore.

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

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

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

**Section 6.07. Limitation of Expenditure of Proceeds.** The Issuer shall assure, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, that not less than 95 percent of the amount advanced as the purchase price of the Bonds, plus premium (if any) paid on the purchase of the Bonds by the original purchaser thereof from the Issuer, less any original discount, are used for Qualified Project Costs, and that less than 25 percent of such amount is used for land or an interest in land. The Bondowner Representative shall have no obligation to monitor the Issuer's compliance with or to enforce the terms of this Section.

**Section 6.08. Rebate of Excess Investment Earnings to United States.** The Issuer hereby covenants, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate (including the Borrower's covenant to make any required rebate payments pursuant to Section 2(t) of the Regulatory Agreement or otherwise) to calculate or cause to be calculated excess investment earnings to the extent required by Section 148(f) of the Code and to pay an amount equal to excess investment

earnings to the United States in accordance with the Regulations, all at the sole expense of the Borrower.

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

**Section 6.10. Federal Guarantee Prohibition.** The Issuer covenants that it shall take no action nor, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, knowingly permit nor suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

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

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

**Section 6.13. Immunities and Limitations of Responsibility of Issuer.** The Issuer shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for any Bondholder), and the Issuer shall be wholly protected as to action taken or omitted under the Bond Documents in good faith in reliance on such advice. The Issuer may rely conclusively on any communication or other document furnished to it hereunder and reasonably believed by it to be genuine. The Issuer shall not be liable for any action (a) taken by it under the Bond Documents in good faith and reasonably believed by it to be within its discretion or powers hereunder, or (b) in good faith omitted to be taken by it under the Bond Documents because such action was reasonably believed to be beyond its discretion or powers hereunder, or (c) taken by it under the Bond Documents pursuant to any direction or instruction by which it is governed hereunder, or (d) omitted to be taken by it under the Bond Documents by reason of the lack of any direction or instruction required hereby for such action; nor shall it be responsible for the consequences of any error of judgment reasonably made by it with respect to the foregoing matters. The Issuer shall in no event be liable under the Bond Documents for the application or misapplication of funds or for other acts or defaults by any Person, except its own officers and

employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Issuer shall not be required to take any remedial action (other than the giving of notice) unless indemnity in a form acceptable to the Issuer is furnished for any expense or liability to be incurred in connection with such remedial action, other than liability for failure to meet the standards set forth in this Section. The Issuer shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the rate of interest on the Bonds, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the Issuer may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

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

The Borrower has indemnified the Issuer against certain acts and events as set forth in Section 12.10 of the Loan Agreement and Section 9 of the Regulatory Agreement. Such indemnity shall survive payment of the Bonds and discharge of the Indenture.

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

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

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

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

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

(e) The California Debt Limit Allocation Committee has provided an allocation of the State of California's 2015 private activity bond volume cap under section 146 of the Code to the Issuer for the Bonds, the Issuer has timely made the required carry forward election with respect to such allocation, and the Issuer will comply with the requirements of the Code with respect to such allocation. The Issuer has applied the alternative option

under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue date of the Bonds; and, in connection therewith, has included the information on Form 8038 filed for the Bonds that is required by section 3.03 of said Notice.

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

## ARTICLE VII

### DEFAULT

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

(a) failure to pay the principal of any Bond when and as the same shall become due and payable, whether by proceedings for redemption, by declaration or otherwise and such failure is not cured within ten (10) days; provided, however, that there shall be no cure period for the outstanding principal which is due and payable on the Maturity Date;

(b) failure to pay any installment of interest on any Bond when such interest installment shall become due and payable and such failure is not cured within ten (10) days; provided, however, that there shall be no cure period for the outstanding interest which is due and payable on the Maturity Date;

(c) the occurrence of an Event of Default under the Loan Agreement; and

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

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

Upon the occurrence of an Event of Default described in (a), (b) or (c) above, unless the principal of all the Bonds shall have already become due and payable, the Bondowner Representative may, and upon the written request of the owners of a majority of the Bonds at the time Outstanding in the case of an Event of Default described in (d) above, the Bondowner Representative shall, by notice in writing to the Issuer, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding. Upon any such declaration of acceleration, the Bondowner Representative shall fix a date for payment of the Bonds.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before the first to occur of (a) the date of entry of any judgment or decree for the payment of the moneys due as hereinafter provided or (b) the date five (5) days prior to the date fixed for foreclosure of the Deed of Trust or the liens of any of the other Loan Documents, there shall have been deposited with the Bondowner Representative a sum sufficient to pay all the principal of the Bonds matured or required to be redeemed prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal, all other amounts owing under the Loan Documents, and the reasonable fees and expenses of the Bondowner Representative, its agents and counsel, and any and all other defaults actually known to a Responsible Officer of the Bondowner Representative (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Bondowner Representative or provision deemed by the Bondowner Representative to be adequate shall have been made therefor, then, and in every such case, the declaration shall be rescinded and annulled; but no such rescission, annulment or waiver shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

**Section 7.02. Institution of Legal Proceedings by Bondowner Representative.** If one or more of the Events of Default shall occur, the Bondowner Representative in its discretion may, and upon the written request of the holders of a majority in principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction against the costs, expenses and liabilities to be incurred in compliance with such request, the Bondowner Representative shall (subject to Section 7.08 hereof) proceed to protect or enforce its rights and/or the rights of the holders of Bonds under the Act or under this Indenture, the Agreement and/or the other Loan Documents, by foreclosure of the Deed of Trust by exercise of the power of private sale thereunder or by judicial action, by foreclosure of or other realization upon the security interests in personal property created pursuant to the Loan Documents by strict foreclosure, judicial action or other remedies permitted by applicable laws, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein or therein, or in aid of the execution of any power herein or therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Bondowner Representative shall deem most effectual in support of any of its rights or duties hereunder; provided that any such request from the Bondholders shall not be in conflict with any rule of law or with this Indenture, expose the Bondowner Representative to personal liability or be unduly prejudicial to Bondholders not joining therein.

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

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

Second: For deposit in the Bond Fund (or as otherwise provided in the last paragraph of Section 5.02) to be applied to payment of the principal of all Bonds then due and unpaid, the premium (if any) and interest thereon; ratably to the Persons entitled thereto without discrimination or preference.

Third: For payment of all other amounts due to any Person hereunder or under the Loan Agreement or the other Loan Documents (other than payments on the Bonds).

Fourth: To the Borrower.

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

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

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

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

**Section 7.08. Power of Bondowner Representative to Control Proceedings.** In the event that the Bondowner Representative, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the written request of the holders of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best

interests of the holders of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Bondowner Representative shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the holders of at least a majority in principal amount of the Bonds Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

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

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

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

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

## ARTICLE VIII

### THE BONDOWNER REPRESENTATIVE AND AGENTS

**Section 8.01. Duties, Immunities and Liabilities of Bondowner Representative.** The Bondowner Representative shall perform such duties and only such duties as are specifically set forth in this Indenture and no additional covenants or duties of the Bondowner Representative shall be implied in this Indenture. The Bondowner Representative shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as reasonable persons familiar with such matters would exercise or use under similar circumstances in the conduct of their own affairs.

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

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

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

(c) The Bondowner Representative shall not be required to take notice or be deemed to have notice of (i) any default hereunder or under the Loan Agreement, except defaults under Section 7.01(a) or (b) hereof, unless a Responsible Officer of the Bondowner Representative shall be specifically notified in writing of such default by the Issuer or the owners of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding, or (ii) any default under the Regulatory Agreement unless a Responsible Officer of the Bondowner Representative shall be specifically notified in writing of such default by the Issuer or the Borrower;

(d) Before taking any action under Article VII hereof or this Section at the request or direction of the Bondholders, the Bondowner Representative may require that a satisfactory indemnity bond be furnished by the Bondholders, for the reimbursement of

all costs and expenses to which it may be put and to protect it against all liability which may be incurred in compliance with such request or direction, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Section 8.03. Bondowner Representative Not Responsible for Recitals.** The recitals contained herein and in the Bonds shall be taken as the statements of the Issuer, and the Bondowner Representative assumes no responsibility for the correctness of the same or for the correctness of the recitals in the Loan Agreement or the Regulatory Agreement. The Bondowner Representative shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bonds. The Bondowner Representative makes no representations as to the value or condition of any assets pledged or assigned as security for the Bonds, or as to the right, title or

interest of the Issuer therein, or as to the security provided thereby or by this Indenture, the Loan Agreement, the Deed of Trust or the other Loan Documents, or as to the compliance of the Project with the Act, or as to the tax-exempt status of the Bonds, or as to the technical or financial feasibility of the Project, or as to the validity or sufficiency of this Indenture as an instrument of the Issuer or of the Bonds as obligations of the Issuer. The Bondowner Representative shall not be accountable for the use or application by the Issuer of any of the Bonds authenticated or delivered hereunder or of the use or application of the proceeds of such Bonds by the Issuer or the Borrower or their agents.

**Section 8.04. Intervention by Bondowner Representative.** The Bondowner Representative may intervene on behalf of the Bondholders in any judicial proceeding to which the Issuer is a party and which, in the opinion of the Bondowner Representative and its counsel, has a substantial bearing on the interests of owners of the Bonds and, subject to the provisions of Section 8.01(d), shall do so if requested in writing by the owners of a majority in aggregate principal amount of all Bonds then Outstanding.

**Section 8.05. Moneys Received by Bondowner Representative.** All moneys received by the Bondowner Representative shall, until used or applied as herein provided, be held exclusively (subject to other provisions of this Indenture governing disposition of monies in funds and accounts) for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law or as otherwise provided herein. The Bondowner Representative shall be under no liability for interest on any moneys received by it hereunder except such as it may agree with the Issuer to pay thereon. Any moneys held by the Bondowner Representative may be deposited by it in its banking department and invested in Investment Securities.

**Section 8.06. Compensation and Indemnification of Bondowner Representative and Agents.** The Borrower is required under the Loan Agreement: (a) to pay to the Bondowner Representative certain fees and other compensation as set forth therein and under the other agreements related to the Bonds to which it is a party; (b) to reimburse the Bondowner Representative upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bondowner Representative in accordance with any provision of this Indenture or other agreement related to the Bonds to which the Bondowner Representative is a party or incurred in complying with any request made by the Issuer with respect to the Bonds (including the reasonable compensation and the expenses and disbursements of its agents and counsel); (c) to indemnify the Bondowner Representative and to hold it harmless as set forth therein and in the other agreements related to the Bonds to which it is a party; and (d) to indemnify the Bondowner Representative for any reasonable fees incurred during a period of default hereunder.

If any property, other than cash, shall at any time be held by the Bondowner Representative subject to this Indenture, or any Supplemental Indenture, as security for the Bonds, the Bondowner Representative, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled but not obligated to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The rights of the Bondowner Representative to compensation for services and to payment or reimbursement for expenses, disbursements, liabilities and advances shall have and is hereby granted a lien and a security interest prior to the Bonds in respect of all property and funds held or collected by the Bondowner Representative as such, except funds held by the Bondowner Representative for the benefit of the holders of particular Bonds owned by other than the Bondowner Representative and/or its affiliates, which amounts shall be held solely for the benefit of those Bondholders and used only for the payment

of principal of and premium, if any, and interest on the Bonds. The Bondowner Representative's rights to immunities, indemnities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment of the Bonds.

**Section 8.07. Qualifications of Bondowner Representative.** The Bondowner Representative hereunder shall be U.S. Bank National Association or a corporation, limited liability company, partnership or banking association organized and doing business under the laws of the United States or of a state thereof. No change in the Bondowner Representative shall be made except upon the written direction of the owners of a majority in the principal amount of the Bonds Outstanding (any replacement Bondowner Representative that is not either affiliated with the then Bondowner Representative or that is not the owner of a majority in principal amount of the then Outstanding Bonds, to be reasonably acceptable to the Issuer). The Issuer shall have no right to remove or replace the Bondowner Representative.

Any successor Bondowner Representative shall acknowledge its acceptance of its obligations under this Indenture by a written instrument delivered to the Issuer, the Borrower and, if the successor is not the sole owner of all of the Bonds then Outstanding, the owners of the Bonds.

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

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

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

If a third party makes a claim against the Issuer that may be subject to indemnification pursuant to this Section 8.10, the Issuer shall give prompt written notice of such claim to the

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

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

## ARTICLE IX

### MODIFICATION OF INDENTURE

**Section 9.01. Modification of Indenture.** With the prior written consent of all of the holders of the Bonds at the time Outstanding, evidenced as provided in Section 11.08, the Issuer and the Bondowner Representative may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any Supplemental Indenture; provided, however, that, no such Supplemental Indenture shall reduce the aforesaid percentage of holders of Bonds whose consent is required for the execution of such Supplemental Indentures. Upon receipt by the Bondowner Representative of a Certified Resolution authorizing the execution of any such Supplemental Indenture, and upon the filing with the Bondowner Representative of evidence of the consent of Bondholders, as aforesaid, the Bondowner Representative shall join with the Issuer in the execution of such Supplemental Indenture, unless (i) such Supplemental Indenture affects the Bondowner Representative's own rights, duties or immunities under this Indenture or otherwise, in which case the Bondowner Representative may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture; or (ii) such Supplemental Indenture affects the rights or obligations of the Borrower hereunder or under the Loan Agreement, in which case the Bondowner Representative shall enter into such Supplemental Indenture only if the Bondowner Representative has received the Borrower's written consent thereto.

It shall not be necessary for the consent of the Bondholders under this Section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Issuer and the Bondowner Representative of any Supplemental Indenture pursuant to the provisions of this Section, the Bondowner Representative (unless at the time the Bondowner Representative and/or one or more of its affiliates are the owners of all of the Bonds then Outstanding) shall give Bondholders and the Borrower, by first class mail, a notice setting forth in general terms the substance of such Supplemental Indenture. Any failure of the Bondowner Representative to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

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

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

**Section 9.04. Notation of Modification on Bonds; Preparation of New Bonds.** Bonds authenticated and delivered after the execution of any Supplemental Indenture pursuant to the

provisions of this Article IX may bear a notation, in form approved by the Bondowner Representative and the Issuer, as to any matter provided for in such Supplemental Indenture, and if such Supplemental Indenture shall so provide, new Bonds, so modified as to conform, in the opinion of the Bondowner Representative and the Issuer, to any modification of this Indenture contained in any such Supplemental Indenture, may be prepared and authenticated by the Bondowner Representative and delivered without cost to the holders of the Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

## ARTICLE X

### DISCHARGE OF INDENTURE

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

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

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

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

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

## ARTICLE XI

### MISCELLANEOUS

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

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

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

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

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

**Section 11.06. Notices.** It shall be sufficient service of any notice, request, demand or other paper on the Issuer, the Bondowner Representative or the Borrower if the same shall, except as otherwise provided herein, be duly made by U.S. certified mail, return receipt requested, postage prepaid, by a nationally-recognized overnight delivery service or by telecopier (promptly confirmed by mail or overnight delivery service as described above), in each case addressed to the appropriate party at the address for such party set forth below:

The Issuer or the Administrator:	County of Contra Costa Department of Conservation and Development 30 Muir Road Martinez, California 94533 Attention: Community Development Bond Program Manager
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The Bondowner Representative: U.S. Bank National Association  
4747 Executive Drive, 3<sup>rd</sup> Floor  
San Diego, California 92121  
Attention: Loan Administrator

with a copy to: U.S. Bank National Association  
621 Capital Mall, Suite 800  
Sacramento, California 95814  
Attention: Andre Massey

and a copy to: California Community Reinvestment Corporation  
225 West Broadway, Suite 120  
Glendale, California 91204  
Attention: Mary Kaiser

The Borrower: EB, L.P.  
c/o Eden Housing, Inc.  
22645 Grand Street  
Hayward, California 94541  
Attention: President

with a copy to: Gubb & Barshay LLP  
505 14th Street, Suite 1050  
Oakland, California 94612  
Attention: Natalie Gubb, Esq.

and a copy to: U.S. Bancorp Community Development  
Corporation  
1307 Washington Avenue, Suite 300  
Mail Code: SL MO RMCD  
St. Louis, Missouri 63103  
Attention: Director of LIHTC Asset Management

and a copy to: Kutak Rock LLP  
1650 Farnam Street  
Omaha, Nebraska 68102  
Attention: Jill Goldstein, Esq.

Except as provided in the immediately succeeding sentence, any notice given in accordance with this Section 11.06 shall be deemed to have been duly given upon actual receipt or refusal to accept delivery. The Issuer, the Bondowner Representative and the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, which shall be effective 7 days after such notice is given as provided herein.

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

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

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

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

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

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

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

**Section 11.09. Waiver of Personal Liability.** No member of the Board of Supervisors, officer, agent or employee of the Issuer, and no officer, official, agent or employee of the State or

any department, board or agency of any of the foregoing, shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such person from the performance of any official duty provided by law or by this Indenture.

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

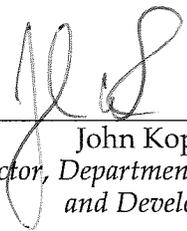
**Section 11.11. Execution in Several Counterparts.** This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

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

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

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

COUNTY OF CONTRA COSTA,  
CALIFORNIA, as Issuer

By:  \_\_\_\_\_  
John Kopchik,  
*Director, Department of Conservation  
and Development*

U.S. BANK NATIONAL ASSOCIATION, as  
Bondowner Representative

By: \_\_\_\_\_  
Lisa E. Gutierrez,  
*Vice President*

03042.87:J13534

[Signature page to Indenture – East Bluff Apartments]

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

COUNTY OF CONTRA COSTA,  
CALIFORNIA, as Issuer

By: \_\_\_\_\_  
John Kopchik,  
*Director, Department of Conservation  
and Development*

U.S. BANK NATIONAL ASSOCIATION, as  
Bondowner Representative

By: \_\_\_\_\_  
  
Lisa E. Gutierrez,  
*Vice President*

03042.87:J13534

[Signature page to Indenture – East Bluff Apartments]

**EXHIBIT A**

**FORM OF BOND**

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

**Up to \$29,476,000.00**

**COUNTY OF CONTRA COSTA, CALIFORNIA  
MULTIFAMILY HOUSING REVENUE BOND  
(EAST BLUFF APARTMENTS), Series 2016A**

<u>Dated Date</u>	<u>Maturity Date</u>
April 6, 2016	April 1, 2038

REGISTERED OWNER: U.S. BANK NATIONAL ASSOCIATION

PRINCIPAL SUM: Up to TWENTY-NINE MILLION FOUR HUNDRED SEVENTY-SIX THOUSAND DOLLARS

The County of Contra Costa, California, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California (herein called the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, the sum of up to Twenty-Nine Million Four Hundred Seventy-Six Thousand Dollars (\$29,476,000.00) together with interest on the unpaid Outstanding Balance (as hereinafter defined) at the interest rate referenced in the Indenture referred to below, until the Issuer's obligation to pay the Outstanding Balance shall be discharged. The Outstanding Balance shall mean the purchase price of the Bonds (defined below) which has been advanced by the purchaser thereof under the Indenture, and has not been repaid by the Issuer as of the date of calculation of the Outstanding Balance, subject to the provisions of the second paragraph of Section 2.01 of the Indenture.

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement or the Indenture hereinafter mentioned.

This Bond shall mature on the Maturity Date set forth above, and the entire unpaid principal balance of and any accrued interest on this Bond shall be paid in full on or before such date. Interest shall be due and payable on each Interest Payment Date in accordance with the requirements of the Indenture.

In the event the Issuer fails to make the timely payment of any monthly payment, and such payment remains unpaid for a period of ten (10) days subsequent to the established payment date, the Issuer shall pay interest on the then Outstanding Balance at the Default Rate, as defined in the Indenture referred to below. Additional amounts shall be remitted to the owner of this

Bond as required by the Indenture, arising by reason of payments due under the Note (as defined below) and the Loan Agreement referenced below in excess of the principal and interest due on this Bond.

This Bond is one of a duly authorized issue of bonds of the Issuer designated as "County of Contra Costa, California Multifamily Housing Revenue Bonds (East Bluff Apartments), Series 2016A" (the "Bonds"), in the initial aggregate principal amount of up to \$29,476,000, authorized to be issued pursuant to Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (herein called the "Act"), and issued under and secured by an Indenture, dated as of April 4, 2016 (the "Indenture"), between the Issuer and U.S. Bank National Association, as Bondowner Representative (the "Bondowner Representative"). Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Bondowner Representative and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees.

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

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

The Bonds are limited obligations of the Issuer and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Revenues (as that term is defined in the Indenture), consisting primarily of amounts paid by EB, L.P., a California limited partnership (the "Borrower") pursuant to a Construction Loan Agreement, dated the same date as the date of the Indenture (the "Loan Agreement"), among the Bondowner Representative, the Issuer and the Borrower, to finance the acquisition and rehabilitation of a multifamily rental housing project by the Borrower in the City of Pinole, California. The loan of the proceeds of the Bonds under the Loan Agreement (the "Loan") will be evidenced by a promissory note (the "Note") of the Borrower.

The Bonds shall be subject to redemption in accordance with the Indenture. Without limitation on the generality of the foregoing, the Bonds shall be subject to redemption prior to

maturity, at a price equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption (a) in whole or in part on any Interest Payment Date, upon prepayment of the Note in whole or in part; (b) in whole following acceleration of the Loan upon the occurrence of an Event of Default under and as defined in the Loan Agreement; and (c) in whole or in part on any date from the proceeds of any mandatory prepayment of the Note under the terms of the Note or the Loan Agreement.

No notice of redemption of Bonds need be given to the registered owners of the Bonds, and the owner of this Bond, by acceptance hereof, expressly waives any requirement for any notice of redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the holders of at least a majority in aggregate principal amount of the Bonds then outstanding.

The Bonds are issuable only as fully registered Bonds without coupons in a single instrument.

This Bond is transferable by the registered owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Bondowner Representative, but only in the manner, subject to the limitations (including those in Section 2.05 of the Indenture) and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to the transferee in exchange herefor. The Issuer and the Bondowner Representative may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Bondowner Representative shall not be affected by any notice to the contrary. By its acceptance of this Bond, the registered owner hereof agrees not to sell any participating interests in this Bond, except as permitted by the Indenture.

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

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

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

IN WITNESS WHEREOF, the COUNTY OF CONTRA COSTA, CALIFORNIA has caused this Bond to be executed in its name by the manual or facsimile signature of an Authorized Issuer Representative, all as of the Dated Date set forth above.

COUNTY OF CONTRA COSTA, CALIFORNIA

By: \_\_\_\_\_  
Candace Anderson,  
*Chair of the Board of Supervisors*

**FORM OF CERTIFICATE OF AUTHENTICATION**

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

Date: \_\_\_\_\_

U.S. BANK NATIONAL ASSOCIATION,  
*as Bondowner Representative*

By: \_\_\_\_\_  
Lisa E. Gutierrez,  
*Vice President*

[Signature page to Bond for East Bluff Apartments]

**FORM OF ASSIGNMENT**

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

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

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

Dated: \_\_\_\_\_

Signature Guaranteed:

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

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

## EXHIBIT B

### FORM OF INVESTOR'S LETTER

County of Contra Costa, California  
Martinez, California

U.S. Bank National Association,  
as Bondowner Representative  
San Diego, California

Re: County of Contra Costa, California Multifamily Housing Revenue Bonds (East Bluff Apartments), Series 2016A

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Ladies and Gentlemen:

The undersigned (the "Purchaser"), being the purchaser of \$\_\_\_\_\_ principal amount of the above-referenced bonds (the "Bonds") issued pursuant to the Indenture, dated April 4, 2016 (the "Indenture"), between the County of Contra Costa, California (the "Issuer") and U.S. Bank National Association, as the initial Bondowner Representative (the "Bondowner Representative") does hereby certify, represent and warrant for the benefit of the Issuer and the Bondowner Representative that:

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

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

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

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

(e) The Purchaser is familiar with the conditions, financial and otherwise, of the Borrower and understands that the Borrower has no significant assets other than the Project. Further, the Purchaser understands that the Bonds involve a high degree of risk. Specifically, and without in any manner limiting the foregoing, the Purchaser understands and acknowledges that, among other risks, the Bonds are payable solely from the Revenues. The Purchaser has been provided an opportunity to ask questions of, and the Purchaser has received answers from, representatives of the Borrower and the Bondowner Representative regarding the terms and conditions of the Bonds. The

Purchaser has obtained all information requested by it in connection with the issuance of the Bonds as it regards necessary to evaluate all merits and risks of its investment in the Bonds. The Purchaser has reviewed the documents executed in conjunction with the issuance of the Bonds, including, without limitation, the Indenture, the Loan Documents and the Regulatory Agreement.

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

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

(h) In entering into this transaction, the Purchaser has not relied upon any representations or opinions of the Issuer or the Bondowner Representative relating to the legal consequences or other aspects of its investment in the Bonds, nor has it looked to, nor expected, the Issuer to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the 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 Bondowner Representative to secure repayment of the Bonds.

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

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

(k) The Purchaser acknowledges that it has the right to sell and transfer the Bonds, including interests in the Bonds, subject to compliance with the transfer restrictions set forth in Section 2.05 of the Indenture, including in certain circumstances the requirement for the delivery to the Issuer and the Bondowner Representative of an investor's letter in the same form as this Investor's Letter, including this paragraph. Failure to comply with the provisions of Section 2.05 of the Indenture shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the Issuer with respect to any claim asserted against the Issuer that arises with respect to any sale, transfer or other disposition of the Bonds by the Purchaser or any transferee thereof in violation of the provisions of the Indenture.

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

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

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

[PURCHASER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PERMANENT LOAN AGREEMENT

THIS PERMANENT LOAN AGREEMENT ("Agreement") is made and entered into as of April 4, 2016 between EB, L.P., a California limited partnership (the "Borrower"), and CALIFORNIA COMMUNITY REINVESTMENT CORPORATION, a California nonprofit public benefit corporation ("CCRC").

## R E C I T A L S

A. Borrower is the owner of certain real property located in the County of Contra Costa, State of California, and legally described in Exhibit A attached to the Loan Agreement (as defined in Recital B, below) and incorporated herein by this reference (the "Real Property").

B. Pursuant to that certain Indenture dated as of even date herewith (the "Indenture"), by and between the County of Contra Costa, California, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California ("Issuer"), and U.S. Bank National Association ("Bank"), in its capacity as "Bondowner Representative" (in such capacity, "Bondowner Representative"), Issuer is issuing its Multifamily Housing Revenue Bonds (East Bluff Apartments) Series 2016A, in the aggregate face amount of \$29,476,000.00 (the "Bonds"). The proceeds of the Bonds will be advanced by Issuer to Borrower, for the purpose of funding a loan (the "Loan") in the maximum principal amount of Twenty Nine Million, Four Hundred Thousand Seventy Six Thousand and No/100ths Dollars (\$29,476,000.00) to finance the Borrower's acquisition, rehabilitation and development of a one hundred and forty-four (144) unit affordable housing project, to be known as "East Bluff Apartments," located on the Real Property. The Real Property, together with the improvements now or hereafter located thereon (collectively, the "Improvements") and the Personal Property (as defined in the Deed of Trust) are referred to herein collectively as the "Property". The Loan will be made by Issuer to Borrower pursuant to that certain Construction Loan Agreement (the "Loan Agreement") dated as of even date herewith, executed by and among Issuer, Bondowner Representative and Borrower and evidenced by that certain Promissory Note dated as of even date herewith, made by Borrower in favor of Issuer in the original principal amount of \$29,476,000.00 (the "Note"). The Note is secured by, among other things, that certain Construction and Permanent Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Deed of Trust") dated as of even date herewith, made by Borrower, as trustor, for the benefit of Issuer, as beneficiary, and encumbering the Property, to be recorded in the official records of Contra Costa County, California. Pursuant to that certain Assignment of Deed of Trust and Related Documents dated as of even date herewith, Issuer has assigned to Bondowner Representative all of its rights and interests (with the exception of the Unassigned Rights set forth in the above-referenced Indenture) in, to and under the Loan Agreement, Note, Deed of Trust and other documents entered into in connection with the Loan.

C. Subject to and conditioned upon compliance with all the terms and conditions of that certain Bond Purchase Agreement of even date herewith by and among CCRC, Borrower and Bank (the "Bond Purchase Agreement"), CCRC has agreed to purchase the Bonds from Bank for a purchase price in the maximum amount of up to \$8,450,000.00 or such lesser amount as may be required under the Bond Purchase Agreement, which purchase shall be effective as of the date of recordation of that certain Assignment and Assumption of Bonds, Deed of Trust and Loan Documents (the "Assignment and Assumption"), which is provided for in the Bond Purchase Agreement (such date being the "Conversion Date"). Upon the Conversion Date, this Agreement shall become automatically effective and shall supplement and amend the terms of the Construction Loan Agreement. To the extent of any conflict between the terms of this Agreement and the Construction Loan Agreement, the terms of this Agreement shall govern. If CCRC does not purchase the Bonds for any reason whatsoever, no such Conversion will occur and the Loan will remain a construction loan pursuant to the terms and conditions of the Construction Loan Agreement, Note and Deed of Trust.

D. This Agreement, the Note, the Deed of Trust, the Replacement Reserve Agreement, any other Purchased Document and any Additional Document (as defined in the Bond Purchase Agreement), and any and all exhibits to each of those documents, together with any and all other documents referred

to in any of them or which otherwise evidence, guaranty or secure the Loan collectively constitute the "Loan Documents". The Loan Documents include the documents described on Exhibit B attached hereto. Capitalized terms used herein shall have the meanings given in the Bond Purchase Agreement or, if not defined therein, in the Construction Loan Agreement.

NOW, THEREFORE, in consideration of the foregoing Recitals (which are hereby incorporated into and shall be deemed part of this Agreement) and of the covenants and mutual agreements contained in this Agreement and in reliance upon the representations and warranties hereinafter set forth, CCRC and Borrower agree as follows:

ARTICLE I.  
AGREEMENT TO PURCHASE

1.1 Agreement to Purchase. Upon satisfaction of the Conversion Conditions set forth in the Bond Purchase Agreement, CCRC shall purchase the Bonds from Bank pursuant to the terms of the Bond Purchase Agreement. Borrower agrees to execute any and all documents and agreements, including such escrow instructions, as CCRC may reasonably require in connection with its purchase of the Bonds.

ARTICLE II.  
COVENANTS OF THE BORROWER

2.1 Compliance with Covenants and Laws. So long as this Agreement continues in effect, and until the full and final repayment of the Loan and all indebtedness of Borrower to CCRC, Borrower shall keep each of the covenants set forth below, elsewhere herein, in the Loan Documents, in that certain Environmental Indemnity (Unsecured) dated as of even date herewith, made by Borrower in favor of CCRC (the "Environmental Indemnity"), in the documents relating to the Subordinate Loans, and in respect of the Tax Credits. Borrower shall comply with all existing and future laws, regulations, orders, building restrictions and requirements of, and all agreements with and commitments to, all governmental, judicial or legal authorities having jurisdiction over the Property, including those pertaining to the sale, leasing or financing of the Property, and with all covenants and restrictions, whether recorded or not, affecting the Property (all, including Borrower's covenants set forth below and elsewhere in this Agreement are collectively referred to as the "Requirements").

2.2 Permits, Licenses and Approvals. Borrower shall properly obtain, comply with and keep in effect all governmental approvals, permits, certificates, licenses, inspections, consents and franchises (collectively, the "Licenses") necessary to continue to conduct its respective businesses and to own, market, occupy, lease and operate the Real Property and the Property, including without limitation, all Licenses related to environmental laws, and shall promptly deliver copies thereof to CCRC.

2.3 Purchase of Material: Conditional Sales Contracts. Borrower shall not purchase or contract for any materials, equipment, furnishings, fixtures or articles of personal property to be placed or installed on the Property under any security agreement or other agreement where the seller retains or claims title or the right of removal or repossession, or the right to consider them personal property after they are so placed or installed, unless CCRC in each instance shall provide its advance written consent to such action.

2.4 Site Visits; Review of Records. CCRC and its agents and representatives shall have the right to enter and visit the Property at any reasonable time and upon reasonable notice for the purposes of performing an appraisal, observing the Property, protecting CCRC's security, and preserving CCRC's rights under the Loan Documents. CCRC shall also have the right to examine, copy and audit the books, records, accounting data and other documents of Borrower which relate to the Property. CCRC is under no duty to visit or observe the Property, or to examine any books or records. As reasonably requested by CCRC from time to time in accordance with standard commercial banking practices, Borrower shall at its expense (a) make copies of any books and records applicable to the Property or

any part of them, or the Borrower, (b) certify each such copy to be a true and complete copy of the original document, and (c) deliver the same to CCRC or its designee.

2.5 Protection Against Lien Claims; Utilities. Borrower shall promptly pay or otherwise discharge all taxes, claims and liens for labor done, and for materials and services furnished, which may affect the Property. Borrower shall keep the Property free of all liens, claims, charges or encumbrances. Borrower shall have the right to contest in good faith any taxes, claim or lien by appropriate proceedings on the terms and conditions set forth in the Deed of Trust. Borrower shall pay when due all utility assessments and charges for gas, electricity, fuel, water, steam, sewer, drainage, refuse disposal, telephone and other services furnished to or for the benefit of the Property and all other assessments or charges of a similar nature, whether public or private, affecting the Property or any portion thereof, whether or not such assessments or charges are liens on the Property.

2.6 Publicity. CCRC shall have the right to refer to the Property in its own promotional and advertising materials. Borrower shall not post signs identifying CCRC as its lender, or otherwise identify CCRC as its lender, except with CCRC's prior written consent in each instance.

2.7 Insurance.

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

(i) Borrower must provide insurance, with a replacement cost provision in the policy of insurance or as an endorsement attached thereto, insuring against loss or damage to the Real Property and Improvements as follows:

(1) insurance against loss or damage from fire and/or lightning;

(2) insurance against loss or damage from other risks embraced by the type of coverage known as Special Form All Risk Fire and Extended Coverage insurance, including riot and civil commotion, vandalism and malicious mischief, in an amount not less than the Loan amount;

(3) insurance against loss or damage from any boilers, electrical wiring and/or heating, air conditioning and/or refrigeration equipment, or other similar equipment and machinery, at full replacement cost;

(4) such other insurance, endorsements and/or renewals, including extended coverage, as CCRC may require, insuring against such perils, risks or hazards as CCRC may designate, including (x) flood insurance, if the Property is located in a flood zone pursuant to those certain NFIP maps issued by the Federal Emergency Management Agency, covering the Property, and, (y) earthquake insurance in such amounts, and on such terms and conditions, as CCRC may require, but only in the event that either (1) the Office of the Comptroller of the Currency or the Federal Deposit Insurance Corporation requires regulated financial institutions or entities such as CCRC to require borrowers or customers to insure against earthquakes, or (2) either Fannie Mae or the Federal Home Loan Mortgage Corporation requires that collateral for loans in its respective programs be insured against earthquakes, or (3) the Property is

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

(5) Borrower must provide commercial or comprehensive liability insurance of at least One Million Dollars (\$1,000,000.00) per occurrence (or, if the Property contains one or more elevators, at least Three Million Dollars (\$3,000,000.00) per occurrence), naming CCRC as an additional insured party, on an "occurrence" basis against claims for "personal injury" liability, including bodily injury, death or property damage liability;

(6) Borrower must provide worker's compensation insurance as may be required by applicable worker's compensation insurance laws (including employer's liability insurance, if required by CCRC), covering all employees, if any, of Borrower;

(7) Borrower must provide rental income or rental value insurance with respect to the Improvements, with a liability of not less than twelve (12) months' project rents therefrom, naming CCRC as a lender loss payee.

(b) All policies of insurance required hereunder and under any other Loan Documents must be issued to Borrower as the primary insured party, by companies approved by CCRC having Best's ratings of not less than A:VI, and be approved by CCRC as to amounts, forms, risk coverages, deductibles, expiration dates, and loss payable and cancellation provisions. The maximum allowable deductible is \$5,000.00. In addition, each required policy must contain such endorsements as CCRC may require, as well as a Lenders Loss Payable Endorsement ISO CP1218 or 438 BFU or its equivalent in favor of CCRC at 225 West Broadway, Suite 120, Glendale, California 91204, and must provide that all proceeds be payable to CCRC to the extent of its interest. An approval by CCRC is not, and shall not be deemed to be, a representation of the solvency of any insurer or the sufficiency of any amount of insurance. Co-insurance shall not be allowed in connection with the policies of insurance required hereunder. In the event that notwithstanding the "Lenders loss payable endorsement" requirement set forth herein, the proceeds of any casualty insurance policy described herein are paid to Borrower, Borrower shall deliver such proceeds to CCRC immediately upon receipt.

(c) Each policy of insurance required under the Loan Documents must provide that it may not be materially modified, nor may it be canceled, without at least thirty (30) days prior written notice to CCRC. The Certificate of Insurance for each policy of insurance required hereunder shall show CCRC as a recipient of any notice of cancellation as follows: CCRC, 225 West Broadway, Suite 120, Glendale, California 91204, Attention: Insurance Administrator. At least ten (10) days before expiration of any required insurance policy, Borrower shall furnish CCRC with proof acceptable to CCRC that a new policy has been issued, continuing in force the insurance covered by the policy which is expiring. At the same time, Borrower shall also furnish CCRC with evidence satisfactory to CCRC that all premiums for any such new policy have been paid. If at least ten (10) days before a required policy expires, CCRC does not receive proof and evidence that a new policy has been issued and that premiums for it have been paid, CCRC in its sole discretion may procure a new policy and advance funds to pay the premiums for it. Borrower shall repay CCRC immediately on demand for any advance for such premiums, which shall be considered to be an additional loan to the Borrower bearing interest at the rate of interest provided for in the Note, and secured by the Loan Documents.

(d) At the request of CCRC, Borrower shall deposit with CCRC, in monthly installments in advance on the first day of each month, an amount sufficient, as reasonably estimated by CCRC, to pay all insurance premiums next due on all policies of insurance required by this Agreement or the other Loan Documents. In such event, Borrower further agrees, upon CCRC's request, to cause all bills, statements or other documents relating to the foregoing insurance premiums to be sent or mailed directly to CCRC. Upon receipt of such

bills, statements or other documents, and provided Borrower has deposited sufficient funds with CCRC pursuant to this Section 2.7, CCRC shall pay such premiums as may be due thereunder out of the funds so deposited with CCRC. If at any time and for any reason the funds deposited with CCRC are or will be insufficient to pay such premiums as may then or subsequently be due, CCRC may notify Borrower and Borrower shall immediately deposit an amount equal to the deficiency with CCRC. If at any time the funds deposited with CCRC exceed the amount deemed necessary by CCRC to pay such premiums as may then or subsequently be due, such excess shall be credited to Borrower on the next monthly installment or installments of such funds. Upon payment and performance in full of the Loan all indebtedness and obligations under the Loan Documents, CCRC shall promptly refund to Borrower any such funds held by CCRC. Nothing herein shall cause CCRC to be deemed a trustee of such funds or to be obligated to pay any amounts in excess of the amount of funds deposited with CCRC pursuant to this Section 2.7. CCRC may commingle such deposits with its own funds and Borrower shall not be entitled to any interest thereon.

(e) The application of insurance proceeds in the event of a casualty and the application of condemnation awards shall be governed by the provisions set forth in the Loan Agreement.

2.8 Payment of Expenses. Borrower shall pay CCRC's costs and expenses incurred in connection with the making, disbursement and administration of the Loan, as well as any revisions, extensions, renewals, refinancings, additional disbursements or "workouts" of the Loan, and in the exercise of any of CCRC's rights or remedies under this Agreement. Such costs and expenses include (but are not limited to) title insurance, recording and escrow charges, fees for appraisal, mortgage taxes, reasonable legal fees and expenses of CCRC's counsel and any other fees and costs for services, regardless of whether such services are furnished by CCRC's employees or agents or independent contractors.

2.9 Financial Information. Borrower shall keep true and correct financial books and records for the Property, using generally accepted accounting principles consistently applied, unless otherwise noted. Within one hundred twenty (120) days after the end of each of Borrower's fiscal years, Borrower shall deliver to CCRC (i) audited financial statements and the independent audited report in connection therewith for Borrower, and (ii) an audited balance sheet and income statement for each general partner of Borrower (collectively, the "General Partner"), in all cases together with a statement showing all changes in Borrower's and each General Partner's financial condition. Borrower shall also promptly deliver to CCRC, upon CCRC's request, its monthly and/or quarterly balance sheets and income statements. If CCRC so requests, at CCRC's sole discretion, Borrower shall promptly provide monthly and/or quarterly balance sheets and income statements for each General Partner. Borrower shall promptly provide CCRC with any additional financial information that Borrower may obtain, or CCRC may reasonably request, regarding Borrower and/or the General Partner, including but not limited to, signed copies of any tax returns and such other information concerning the Borrower's, or any General Partner's, affairs and properties as CCRC may reasonably request. If Borrower or any General Partner thereof fails to comply with the obligations of this Section 2.9 or any other requirements to deliver financial or other information related to Borrower, such General Partner, the Property or the Loan within the specified time periods set forth herein or in any other provision requiring such delivery, then Borrower or such General Partner shall pay to CCRC, as damages, the sum of \$100 per day (plus interest thereon at the Default Rate as specified in the Note) until Borrower or General Partner has complied therewith or such information is otherwise received by CCRC.

2.10 Notices. Borrower shall promptly notify CCRC in writing of:

(a) Any litigation affecting Borrower where the amount claimed is Fifty Thousand Dollars (\$50,000.00) or more;

(b) Any communication, whether written or oral, that Borrower may receive from any governmental, judicial or legal authority, giving notice of any claim or assertion that the Property

fails in any material respect to comply with any of the Requirements or any other applicable governmental law;

(c) Any material adverse change in the physical condition of the Property or Borrower's financial condition or operations; and

(d) Notice of any default or breach under any Subordinate Loan document or the TCAC Regulatory Agreement.

2.11 Indemnity. Borrower agrees to indemnify, defend and hold CCRC (and its directors, officers, employees, agents and representatives, collectively, the "CCRC Agents") harmless from and against all liabilities, claims, actions, damages, costs and expenses (including all legal fees and expenses of CCRC's counsel) arising out of or resulting from any of the following: (i) the breach of any representation or warranty made or given by Borrower to CCRC in this Agreement, the Bond Purchase Agreement, any Loan Document or other agreement executed in connection with the Loan; (ii) the breach of any obligation of Borrower contained in any of the above-referenced documents; (iii) any claim or cause of action of any kind by any party in connection with Bank's making of the Loan, or CCRC's making of the Permanent Loan or performance under the Loan Documents (excluding CCRC's gross negligence or willful misconduct); (iv) the rehabilitation of the Property or any similar action taken in respect of the Property; (v) any dispute, claim, disagreement, or cause of action of any kind, by any party, including without limitation, consultants, lenders, agents, attorneys, contractors, architects, engineers, brokers, finders, constituent partners of Borrower or affiliates thereof (unless arising in whole or in part as a direct or indirect result of CCRC's gross negligence or willful misconduct) because of which CCRC or the CCRC Agents incur damages, liabilities, costs or expenses, and (vi) any dispute, claim, disagreement or cause of action of any kind, by any party, that CCRC and/or one or more of the CCRC Agents is liable for any act or omission committed or made by Borrower or any other person or entity, whether on account of any theory of derivative liability, comparative negligence or otherwise (excluding any such claims arising in whole or in part as a direct or indirect result of CCRC's gross negligence or willful misconduct) in connection with (A) the ownership, operation, development or rehabilitation of the Property, or (B) on account of the purchase of the Loan or the making of the Loan, or the transactions contemplated in the Bond Purchase Agreement, the Construction Loan Agreement, this Agreement or any of the Loan Documents. Upon demand by CCRC, Borrower shall defend any action or proceeding brought against CCRC and/or one or more of the CCRC Agents arising out of or alleging any claim or cause of action covered by this indemnity, all at Borrower's own cost and by counsel to be approved by CCRC in the exercise of its reasonable judgment. In the alternative, CCRC and/or one or more of the CCRC Agents may elect to conduct its own defense at the expense of Borrower including reasonable attorneys' fees. The provisions of this Section 2.11 shall survive the termination of this Agreement and the repayment of the Loan and the Bonds.

2.12 Income from Real Property. Borrower shall first apply all income derived from the Property, including all income from leases of the Real Property, to pay costs and expenses associated with the ownership, maintenance, operation and marketing of the Property, including all amounts then required to be paid under the Loan Documents, before using or applying such income for any other purpose. No such income shall be distributed to any partner or shareholder of Borrower unless all such costs and expenses which are then due have been paid in full.

2.13 Performance of Acts. Upon request of CCRC, Borrower shall perform all acts which may be necessary or advisable to perfect any lien or security interest provided for in this Agreement or in any other Loan Document or to carry out the intent of this Agreement or any other Loan Document.

2.14 Affordability Covenants; Subordinate Loans. Throughout the term of the Loan, the requisite number of residential apartment units in the Improvements shall be leased at such rents, and to households having such incomes, as required by the most restrictive among any agreements, restrictions or other requirements to which Borrower or the Property may be subject, including (but not limited to) the following:

(a) that certain Regulatory Agreement and Declaration of Restrictive Covenants dated as of even date herewith (the "Bond Regulatory Agreement"), executed by and between Issuer and Borrower;

(b) a regulatory agreement or other restrictive covenant (the "TCAC Regulatory Agreement") to be recorded against the Property by the State of California, acting through its Tax Credit Allocation Committee ("TCAC") in connection with an allocation of federal low-income housing tax credits for the Property (the "Tax Credits") under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code");

(c) that certain Regulatory Agreement and Declaration of Restrictive Covenants (East Bluff Apartments) (CDBG Funds), dated as of April 1, 2016 (the "County Regulatory Agreement"), executed by and between the County of Contra Costa, a political subdivision of the State of California (the "County"), and Borrower;

(d) that certain Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants dated as of June 23, 1998, executed by and between the Redevelopment Agency of the City of Pinole (the "Agency"), and Borrower's predecessor-in-interest to the Real Property and Improvements, EastBluff Associates, a California Limited Partnership ("Seller"), as assigned by Seller to, and assumed by, Borrower pursuant to that certain Assignment and Assumption of Amended and Restated Owner Participation and Loan Agreement, Deed of Trust, Amended and Restated Promissory Note and Regulatory Agreement Between Eastbluff Associates and EB, L.P., executed by and among Seller, Borrower and the City of Pinole, as successor to the Agency (the "City"); and

(e) that certain Regulatory Agreement - Federal and State Credits - Tax-Exempt Bond Financed Project dated as of October 31, 1998 (the "Original TCAC Regulatory Agreement"), executed by and between TCAC, and Seller.

The Bond Regulatory Agreement, TCAC Regulatory Agreement, County Regulatory Agreement, City Regulatory Agreement and Original TCAC Regulatory Agreement are hereinafter collectively referred to as the "Restrictions." The Bond Regulatory Agreement is hereinafter referred to as the "Prior Restrictions." Each year during the term of the Loan, Borrower shall provide CCRC with a copy of Borrower's annual tenant and rent certification and qualification report made (i) in connection with any Subordinate Loan (as defined below), (ii) to TCAC in connection with the Tax Credit allocation, and (iii) those governmental agencies charged with determining Borrower's compliance with regulations applicable to the Tax Credits claimed by Borrower for the Property.

The County, City and Seller may hereinafter be collectively referred to as the "Subordinate Lender." That certain loan made to Borrower by the County in the original principal amount of \$2,000,000.00 (the "County Loan"), that certain loan made to Borrower by the City in the original principal amount of \$975,000.00 (the "City Loan"), and that certain loan made to Borrower by Seller in the original principal amount of \$16,566,000.00 (the "Seller Loan") may hereinafter be collectively referred to as the "Subordinate Loan." Any documents executed in connection with any Subordinate Loan, together with the Original TCAC Regulatory Agreement, may hereinafter be collectively referred to as "Subordinate Loan Documents."

2.15 Subordination of Indebtedness and Regulatory Restrictions. The proceeds of any Subordinate Loan shall have been used for such purposes as CCRC shall have reasonably approved. Any deed of trust, mortgage, regulatory agreement, covenant or restrictive agreement or other instrument evidencing, securing or related to any financing or regulatory requirements imposed by any Subordinate Lender, TCAC or any other party on Borrower or the Property (other than the Prior Restrictions), and any obligations related thereto, shall be and remain subordinate to the Loan, and shall be subordinated to the Deed of Trust by an instrument or instruments satisfactory to CCRC and its counsel. No Subordinate Lender shall be entitled to receive any proceeds of collateral or payments of principal, interest or other amounts due and owing with respect to any Subordinate Loan or any other

obligations described herein, following an Event of Default under the Loan Documents, until CCRC's Loan to Borrower shall have been paid in full. In addition, any loan, regulatory or other restrictive agreements imposed by any Subordinate Lender, TCAC, or any other party upon Borrower and/or the Property shall be subordinated to the Deed of Trust by one or more instruments satisfactory to CCRC and its counsel.

2.16 Replacement Reserves. Borrower shall establish and maintain a replacement reserve account, and shall execute and deliver a Replacement Reserve Agreement (the "Replacement Reserve Agreement") in favor of CCRC in connection therewith.

2.17 Impounds for Real Property Taxes. After there shall have occurred an Event of Default, CCRC shall have the right to require Borrower to establish an account for the payment of property taxes on the terms and conditions set forth in Section 3.7 of the Deed of Trust.

2.18 Operating Reserves. On or before the Conversion Date, Borrower shall have set aside and shall maintain a specific operating reserve fund with respect to the Property in an amount not less than Three Hundred Fifty Thousand Nine Hundred Nine and No/100 Dollars (\$350,909.00) (the "Operating Reserve"), which shall be additional collateral for the Loan during the entire term of the Loan and meeting the following requirements:

(a) The Operating Reserve shall be maintained by CCRC in one or more custodial account(s) (the "Operating Reserve Account(s)"). Such account(s) shall provide expressly that Borrower shall make no withdrawals therefrom. All interest earned on the Operating Reserve Account(s) shall be added to the Operating Reserve, and CCRC shall not be required to limit the amount deposited with any single institution to the FDIC insurance limits in effect from time to time.

(b) Borrower shall be entitled to use the Operating Reserve funds only to meet operating deficits in connection with the management and/or maintenance of the Property. Each request by Borrower for a disbursement from the Operating Reserve Account shall be accompanied by the written consent to such disbursement from Borrower limited partners. If Borrower shall at any time draw upon the Operating Reserve to pay such operating deficits, Borrower shall promptly replenish the Operating Reserve from available cash flow from the Property, and the replenishment of the Operating Reserve shall be paid prior to the payment of any Partnership or developer fees.

(c) All of Borrower's interest in the Operating Reserve, any interest accrued or accruing thereon, and the account(s) in which those funds are held, shall be pledged to CCRC as collateral or security for the Loan pursuant to the Deed of Trust and/or any other documentation required by (and acceptable to) CCRC. Such account(s) shall provide expressly that Borrower shall make no withdrawals therefrom. Rather, CCRC or a designated representative of CCRC shall have the sole right to make withdrawals from the Operating Reserve Account(s). Borrower shall execute any other documents required to facilitate CCRC's withdrawal of funds or to perfect or maintain CCRC's security interest in the Operating Reserve and Operating Reserve Account(s). If an Event of Default shall occur and be continuing, CCRC shall be entitled to draw upon and utilize all or any portion of the Operating Reserve as otherwise provided in the Loan Documents.

(d) Initially, the Operating Reserve shall be audited by CCRC or its delegee six (6) months following the Conversion Date, and the Operating Reserve shall be audited by CCRC or its delegee annually thereafter to confirm, among other things, that (i) Borrower has used Operating Reserve funds only for appropriate purposes, and (ii) the Operating Reserve, as funded, is in compliance with the provisions hereof and contains no less than \$350,909.00 or such greater amount as may be required by the Partnership Agreement, Subordinate Lenders or TCAC. Borrower shall cooperate with CCRC's audits of the Operating Reserve.

(e) In the event that operating reserves required under the Partnership Agreement or any Subordinate Loan Documents are in an amount greater than the Operating Reserve amount required hereunder, Borrower shall be required to deposit such greater amount directly with CCRC.

(f) Upon Borrower's satisfaction of all obligations under the Loan Documents and the repayment in full of the Loan, the Operating Reserve shall be released to Borrower.

2.19 Property Management. During the term of the Loan, CCRC shall have approved a property manager for the Property (the "Management Agent") pursuant to a contract for the management of the Property (the "Management Contract"), and Borrower shall have delivered to CCRC and CCRC shall have approved such Management Contract in its sole discretion prior to closing of the Loan and purchase of the Bonds by Bank. In addition, Borrower shall have delivered to CCRC and CCRC shall have approved in its sole discretion prior to Closing, evidence satisfactory to CCRC that the Management Agent and Management Contract comply with CCRC's underwriting and credit criteria. CCRC hereby approves Eden Housing Management, Inc. as the Management Agent. Borrower shall not (i) amend, modify or waive any default under the Management Contract, or any successor thereof, without CCRC's prior written consent, or (ii) dismiss or replace the Management Agent without CCRC's prior written consent.

2.20 Property Tax Exemption. Borrower shall take all actions necessary to: (i) qualify for, and (ii) obtain and maintain, the maximum exemption from all general real property taxes for the Real Property under the appropriate Section of the California Revenue and Taxation Code, and any successor statute, so long as the statutory exemption provided by such Section or any successor statute remains in effect.

2.21 No Sale of Assets. Borrower shall not grant or convey any security interest in or lien, charge, claim or encumbrance upon any of the Property, other than the deeds of trust granted to the Subordinate Lenders and approved by Lender, until the Loan has been paid in full and all other obligations under the Loan Documents have been satisfied, except for leases of premises entered into in the ordinary course of operation of the Property that satisfy all of the affordability and other restrictions applicable to the Property, all of TCAC's requirements, all Subordinate Lenders' requirements and all other Requirements that shall have been consented to in advance in writing by CCRC in each instance. Except as otherwise expressly provided in the Loan Documents (including, without limitation, any subordinate financing that has been approved by CCRC in writing, subject to Sections 2.14 and 2.15 above), Borrower shall not sell, convey, or otherwise transfer or dispose of all or any portion of the Property or any "Significant Interest" (as defined below) in Borrower, nor contract to do any of the foregoing, without the prior written consent of CCRC in each instance. As used herein and in any other Loan Document, a "Significant Interest" in any entity shall mean the following:

(a) if the entity is a general partnership or a joint venture, (A) any partnership interest in the general partnership, or (B) any interest of a joint venturer in a joint venture;

(b) if the entity is a limited partnership, (A) any limited partnership interest in the entity which, together with all other limited partnership interests in the entity sold or transferred since the date of the Note, exceeds 49% of all of the limited partnership interests in the entity (provided, however, that neither the transfer of any limited partnership interest from a limited partner to another limited partner of Borrower nor the transfer of limited partnership interests in the limited partner of Borrower shall be deemed to be a sale or transfer of a Significant Interest and provided further that a transfer of any limited partnership interest in Borrower to any substitute limited partner that is an affiliate of the current limited partner shall not be deemed to be a sale or transfer of a Significant Interest requiring the prior written consent of CCRC), or (B) any general partnership interest in the entity; provided, however, that, subject to the delivery of prior written notice to CCRC, the transfer of any general partnership interest in Borrower to an affiliate of U.S. Bancorp Community Development Corporation pursuant to the removal rights of the limited partner, as described in the Amended and Restated Agreement of Limited

Partnership of the Borrower (the "Partnership Agreement") shall not be deemed to be a sale or transfer of a Significant Interest.

(c) if the entity is a limited liability company, any membership interest which, together with all other membership interests in the limited liability company sold or transferred since the date of the Note, exceeds 49% of all of the membership interests in the limited liability company;

(d) if the entity is a corporation, any voting stock in the corporation which, together with all other voting stock of the corporation sold or transferred since the date of the Note, exceeds 49% of all of the voting stock of the corporation; or

(e) if the entity is a trust, any beneficial interest in the trust which, together with all other beneficial interests in the trust sold or transferred since the date of the Note, exceeds 49% of all of the beneficial interests in the trust.

2.22 Sale of Loan in Secondary Market. Borrower acknowledges the intention of the parties to facilitate the marketability of the Loan to purchasers in the secondary market, and Borrower agrees to execute such other documents as are required to effectuate such resale of the Loan by CCRC.

2.23 Investments. Any investments in or contributions to Borrower required to be made by any general partner or limited partner, as the case may be, whether in consideration of any Tax Credits or otherwise, shall be made at the times and on the terms and conditions set forth in any documents or agreements so providing as such documents or agreements exist as of the Conversion Date.

2.24 Improvement District. Borrower shall not consent to, vote in favor of, or directly or indirectly advocate or assist in the incorporation of any of the Real Property into any improvement or other special tax or assessment district without CCRC's prior written consent in each instance.

2.25 Covenants Regarding Tax Credits. Borrower hereby agrees:

(a) To observe and perform all obligations imposed on Borrower in connection with the Tax Credits, including the obligation to have the Property "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 Property or to use Borrower's best efforts to cause the appropriate parties to operate the same in accordance with all statutes and regulations governing the Tax Credits;

(b) Not to release, forego, alter, amend or modify its rights to the Tax Credits without CCRC's prior written consent, which CCRC may give or withhold in CCRC's reasonable discretion;

(c) Not to execute any residential lease of all or any portion of the Property not complying fully with all requirements and regulations governing the Tax Credits, except with CCRC's prior written consent, which CCRC may give or withhold in its sole and absolute discretion;

(d) To cause to be kept all records, and cause to be made all elections and certifications, pertaining to the number and size of apartment units, occupancy thereof by tenants, income level of tenants, set- asides for low-income tenants, and any other matters now or hereafter required to qualify for and maintain the Tax Credits in connection with the low-income occupancy of the Property;

(e) To comply with the appropriate minimum low-income set-aside requirements under the Code or applicable federal regulations promulgated thereunder ("Federal Laws"),

imposed by TCAC and all California laws and regulations ("State Laws") applicable to the creation, maintenance and continued availability of the Tax Credits;

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

(g) To set aside the appropriate number of units for households with incomes meeting the required standards of the Contra Costa County median income 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;

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

(i) To deliver or cause to be delivered promptly to CCRC true and correct copies of all notices or other documents or communications received or given by Borrower with regard to or relating in any way to the Tax Credits. Immediately upon receipt thereof, Borrower must deliver to CCRC a copy of the fully- executed carryover allocation, if any, and final reservation of Tax Credits for the Property, the basis audit (as required by Section 42 of the Code) for the Property (including a certificate of Borrower's accountant or attorneys if requested by CCRC), each Annual Owner Certification prepared by Borrower for TCAC showing that the tenants are qualified for purposes of Borrower's obtaining Tax Credits (and, if an audit thereof uncovers deficiencies, any evidence provided to TCAC of the cure of such deficiencies), and the fully-completed Form 8609 required by the Code issued for the Property. Borrower must deliver promptly to CCRC such other certificates, income certificates, reports and information as CCRC may request.

2.26 Partnership Agreement. The Borrower shall not revise, amend, modify or change the Partnership Agreement (or suffer or permit the Partnership Agreement to be revised, amended, modified or changed) without CCRC's prior written consent, which shall not be unreasonably withheld; provided, however, the General Partner shall be entitled to amend the Partnership Agreement without CCRC's prior written consent (i) to correct scrivener's errors in the Partnership Agreement, or (ii) to conform the Partnership Agreement to the requirements of Section 42 of the Code as it may be amended and the regulations promulgated thereunder, the requirements of TCAC, or the requirements of the welfare exemption or (iii) to effect any transfers of a partnership interest, or the admission of a partner, permitted under this Agreement. After any change to the Partnership Agreement, whether it requires CCRC's consent or not, Borrower shall promptly provide a revised version thereof to CCRC. Further, during the term of the Loan, General Partner shall not jeopardize in a material way the Property or the financial viability of the Borrower by (i) materially violating its fiduciary responsibilities under the Partnership Agreement, or (ii) willfully violating any law, regulation or order applicable to the Partnership, and such violations are not remedied or cured as permitted, in the time frames provided, under the Partnership Agreement.

#### 2.27 Debt Service Coverage Ratio.

(a) Borrower anticipates that, for all fiscal years of Borrower during the term of the Loan (each, a "Period"), the ratio of Net Income to Debt Service for the Property shall be and remain no less than 1.05 to 1.00 (the "Target DSCR"). Borrower acknowledges that CCRC is relying on Borrower meeting the Target DSCR in making the Loan, and that CCRC would not have made the Loan without its reliance upon such anticipated Target DSCR. Notwithstanding the foregoing, the failure of Borrower to maintain the Target DSCR shall not constitute an Event of Default under this Agreement.

(b) In addition to the delivery to CCRC of the financial information required to be provided under Section 2.9 above, Borrower shall submit annually to CCRC, within 120 days of the end of each of Borrower's fiscal years during the term of the Loan, a certification by Borrower of the DSCR for each such fiscal year (the "DSCR Certification"); provided, however, that if Borrower's first fiscal year of the term of the Loan ends less than one full year after the Conversion Date, the DSCR Certification shall reflect the DSCR for the period only from the Conversion Date to the end of such first fiscal year. Borrower shall make available to CCRC or its designee any financial information reasonably requested by CCRC in order for CCRC to verify and accept Borrower's DSCR calculations. If CCRC does not accept Borrower's DSCR Certification, CCRC shall provide Borrower its recalculation which shall be binding upon Borrower. If Borrower fails to deliver to CCRC (i) the DSCR Certification as required by this Section 2.27, or (ii) the financial information required pursuant to Section 2.9 above, CCRC shall calculate the DSCR (the "CCRC DSCR Determination") based upon the most recently available financial information of Borrower, which CCRC DSCR Determination shall be binding upon Borrower. If any DSCR Certification or CCRC DSCR Determination reveals that the DSCR for any Period covered by such DSCR Certification is less than a floor of 1.05 to 1.00, then, while not an Event of Default pursuant to Section 6.1 below, the following shall occur:

(i) Borrower shall notify the Limited Partner and the Subordinate Lenders of its failure to meet the Target DSCR.

(ii) Borrower shall provide CCRC, within thirty (30) days of Borrower's delivery of the relevant DSCR Certification or CCRC's calculation of the DSCR, as applicable, a written plan reasonably acceptable to CCRC to bring the Property into compliance with the Target DSCR. Such plan shall include monthly projections of Net Income, Debt Service and DSCR until such time as projections show the Property to be in compliance with the Target DSCR.

(iii) Borrower shall provide CCRC, for each month of the year following submittal of the relevant DSCR Certification or CCRC's calculation of the DSCR, as applicable (within 25 days of the end of each month): (a) a certificate disclosing the DSCR for the 12-month period ending on the last day of the relevant month (each, a "Monthly DSCR Certification"), and (b) rent rolls and operating statements for the Property, along with a monthly comparison of actual Net Income, Debt Service and DSCR to projected Net Income, Debt Service and DSCR, reflected in the written plan described above. Borrower shall also provide a narrative explaining in detail any material variations between actual and projected Net Income, Debt Service and DSCR. If Borrower fails to deliver to CCRC the Monthly DSCR Certification as provided herein, or if CCRC's internal DSCR calculation is inconsistent with Borrower's Monthly DSCR Certification, CCRC shall calculate the monthly DSCR based upon the most recently available financial information of Borrower, and such calculation shall be binding upon Borrower.

(iv) Until such time as the Property is in actual compliance with the Target DSCR, Borrower shall not make any partnership payments or distributions; but rather, Borrower shall deposit the amount of any such payments otherwise due (and any other excess of Net Income over Debt Service) with CCRC, to be held as additional collateral by CCRC in Borrower's name as a debt service reserve (the "Debt Service Reserve"). Such deposits by Borrower shall continue until the earlier of (x) the time at which the balance in the Debt Service Reserve shall be sufficient, if applied to the Loan, to bring the Property in compliance with the Target DSCR (assuming the Loan payments are recast based on the deemed application of such Debt Service Reserve to the then-current Loan balance and interest rate and its remaining amortization period and utilizing the Net Income from the latest available audited financial statements), or (y) the time at which a Monthly DSCR Certification shall reveal that the Property is in actual compliance with the Target DSCR.

(v) Upon the actual compliance of the Property with the Target DSCR, as determined by a certification of Borrower of such event, verified by CCRC or its designee (not merely upon reduction of the Loan by the amount retained in any Debt Service Reserve being maintained because of the failure to meet the Target DSCR), CCRC shall release the balance of funds in the Debt Service Reserve retained pursuant to this Section 2.27 to Borrower, and Borrower's obligations under any written plan shall terminate.

(c) For purposes of this Section 2.27, the following definitions shall apply:

"Debt Service" shall mean, in the aggregate, principal and interest payments required to be paid to CCRC during the relevant Period in connection with the Loan, based upon the amortization schedule and the Interest Rate as defined and set forth in the Note.

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

"Gross Income" shall mean, for any Period, the sum of all income from the operation of the Property, including but not limited to, rental income, laundry lease income, parking fee income, or any other income derived from operation of the Property, which is actually received in such Period.

"Net Income" shall mean, for any Period, all Gross Income (as defined below) from the Property during such Period less Operating Expenses (as defined below) of the Property during such Period.

"Operating Expenses" shall mean, for any Period, the following expenses of the Property to the extent that such expenses are reasonable in amount and customary for properties that are similar in type, size, quality and location to the Property: (i) taxes and assessments imposed upon the Real Property, to the extent that such taxes and assessments are required to be paid by Borrower and are actually paid or reserved for by Borrower in such Period; (ii) bond assessments properly allocable to such Period; (iii) insurance premiums for casualty insurance (including, without limitation, terrorism, flood and earthquake insurance, to the extent required under this Agreement) and liability insurance carried in connection with the Property and accrued during such Period, provided, however, if any insurance is maintained as part of a blanket policy covering the Property and other properties, the insurance premium included in this subparagraph shall be the premium fairly allocable to the Property for such Period; (iv) operating expenses reasonably and actually incurred by Borrower for the management, operation, cleaning, leasing, maintenance and repair of the Property during such Period; (v) replacement and operating reserves (if any) required by this Agreement, any Subordinate Loan Document, and/or Borrower's partnership agreement; (vi) any other debt service (with obligatory payments) related to the Property and accrued during such Period (other than debt service on the Loan); and (vii) costs of deferred maintenance with respect to the Property accrued during such Period. Operating Expenses shall not include any allowance for depreciation.

### ARTICLE III. LEASES; LOAN DOCUMENTS

3.1 Approved Form of Residential Lease. Prior to the Conversion Date, Borrower will submit to CCRC, for its review and approval, the proposed form of lease to be signed by prospective residential tenants in connection with the lease of residential units of the Improvements (an "Approved Form"). All leases of residential units entered into by Borrower in connection with the Property (each, a

“Residential Lease”) shall be in substantially the form of the Approved Form and shall comply with the terms and conditions of the Deed of Trust.

3.2 Nonresidential Leases. Leases other than for residential units within the Improvements, including, without limitation, leases for laundry equipment, photocopy or archives, vending machines, administrative space by affiliates of Borrower, General Partner, Management Agent, or otherwise, and commercial space within the Improvements (if any, “Nonresidential Lease(s)”), must be approved by CCRC prior to execution thereof. Borrower shall comply in all respects with any restrictions or guidelines as to the rents or other fees that may be charged for such nonresidential space, if any, which are contained in the Loan Documents, the Requirements, the Subordinate Loan Documents, or in any other agreement by which Borrower or the Property may be bound and which has been approved by CCRC in writing. Following the occurrence and during the continuance of any Event of Default (as defined in Section 6.1 below), CCRC may make written demand on Borrower to submit all rents under the Nonresidential Leases to CCRC.

3.3 Delivery of Leasing Information and Documents. Borrower shall promptly deliver to CCRC such monthly rent rolls, leasing schedules and reports, operating statements or other leasing information as CCRC from time to time may reasonably request, certified by an authorized officer of Borrower to be true and correct. In addition, Borrower shall promptly obtain and deliver to CCRC such estoppel certificates and subordination and attornment agreements executed by such tenants in such forms as CCRC may from time to time require.

3.4 Landlord's Obligations. Borrower shall perform all obligations required to be performed by it as landlord under any lease affecting any part of the Property or any space within the Real Property or Improvements.

3.5 Subordination Clause in All Tenant Leases. All residential leases (on the Approved Form), Nonresidential Leases and other leases or residency agreements entered into by Borrower, and all indebtedness arising thereunder or secured thereby, shall contain a provision stating that such leases and such tenants' rights thereunder are unconditionally junior and subordinate to the Deed of Trust and the Loan Documents, and all indebtedness arising thereunder or secured thereby.

#### ARTICLE IV. WAIVER OF JURY TRIAL

TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY ACTION, CAUSE OF ACTION, CLAIM, DEMAND OR PROCEEDING ARISING UNDER OR WITH RESPECT TO THIS AGREEMENT OR IN ANY WAY CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE DEALINGS OF THE PARTIES WITH RESPECT TO THIS AGREEMENT OR THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND IRRESPECTIVE OF WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO HEREBY AGREES THAT ANY SUCH ACTION, CAUSE OF ACTION, CLAIM, DEMAND OR PROCEEDING SHALL BE DECIDED BY A COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OF THIS SECTION WITH ANY COURT OR OTHER TRIBUNAL AS WRITTEN EVIDENCE OF THE CONSENT OF ANY OTHER PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

#### ARTICLE V. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to CCRC, as of the Conversion Date, as follows:

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

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

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

5.4 Validity. This Agreement, the other Loan Documents and any and all other documents executed in connection herewith or therewith to which either Borrower or any General Partner is a party has been duly executed and delivered and are the legal, valid and binding obligations of Borrower and the applicable General Partner (as the case may be), enforceable in accordance with their respective terms, except as limited by applicable bankruptcy, reorganization, insolvency or similar laws affecting the enforcement of creditor's rights generally and by general principles of equity.

5.5 No Breach. The execution by Borrower and the General Partner of the Loan Documents (or any other document executed in connection therewith or with the Loan) to which it is (in each case) a party shall not constitute a breach of any provision contained in the Partnership Agreement or any General Partner's articles of organization, limited liability company agreement, operating agreement or other organizational documents, as the case may be, nor does the execution or performance thereof constitute an event of default under any agreement to which Borrower or any General Partner is now or may hereafter become a party or by which it is subject, nor do such Loan Documents or other documents violate any order, decree or judgment of any court or public authority.

5.6 Compliance with Laws. Borrower and the General Partner are in compliance in all material respects with all applicable laws, rules, regulations and ordinances.

5.7 No Violation. Neither Borrower nor any General Partner is in violation of any law, regulation or ordinance, or any order of any court or governmental entity. No provision or obligation of Borrower contained in any of the Loan Documents or other document executed in connection therewith violates any of the Requirements, any other applicable law, regulation or ordinance, or any order or ruling of any court or governmental entity. No such provision or obligation conflicts with, or constitutes a breach or default under, any agreement binding or regulating the Property.

5.8 No Claims. There are no claims, actions, proceedings or investigations pending against Borrower or any General Partner, or affecting the Property before any court or public authority. Borrower has no actual knowledge of any pending, threatened or imminent litigation, governmental investigations or complaints, actions or prosecutions involving Borrower or any General Partner, or any breaches by Borrower, or any General Partner or any other person or entity, of any agreement to which Borrower or any General Partner is a party or by which any of them is bound.

5.9 Financial Information. All financial information which has been or will be delivered to CCRC, including all information relating to the financial condition of Borrower, the General Partner, any joint venturers, or the Property, fairly and accurately represents or will represent, when delivered, the financial condition being reported on. All such information was or will be prepared in accordance with generally accepted accounting principles consistently applied, unless otherwise noted. There has been no material adverse change in the financial condition of Borrower, General Partner or the Property reported at any time to CCRC.

5.10 Accuracy. All reports, documents, instruments, information and forms of evidence which have been delivered to CCRC concerning the Loan and required by the Loan Documents, are accurate, correct and sufficiently complete in all material respects to give CCRC true and accurate knowledge of their subject matter. None of them contain any material misrepresentations or omissions.

5.11 Taxes. Borrower and the General Partner have filed complete and correct federal, state and local tax reports and returns required to be filed by it, prepared in accordance with any applicable laws or regulations, and except for extensions duly obtained, have either duly paid all taxes, duties and charges owed by it, or made adequate provisions for the payment thereof. There are no material unresolved questions or claims concerning any tax liability of Borrower or any General Partner. In addition, Borrower has paid all Real Property taxes which are due and payable, and knows of no basis for any additional assessment of taxes affecting the Property.

5.12 Licenses and Utilities. Borrower and the General Partner have properly obtained, and have been and are current and in good standing with respect to all Licenses. All utility services which are necessary to occupy and operate the Real Property and the Property are available to it.

5.13 Borrower Not a "Foreign Person". Borrower is not a "foreign person" within the meaning of Section 1445(f)(3) of the Code.

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

5.15 Proceeds of Financing. The proceeds of the Loan described herein, shall be applied by the Borrower to pay down a portion of the Loan and to pay for all expenses related to the Conversion of the Loan to the Permanent Loan.

5.16 Change Orders. During the course of construction of improvements to the Real Property and prior to the Conversion Date, Borrower did not authorize or approve any change orders to the construction documents for the improvements in excess of \$25,000.00 for a single change and \$100,000.00 for all such changes, in the aggregate (unless funded by a general partner of Borrower or specifically approved in advance by CCRC in writing) in any one instance.

ARTICLE VI.  
DEFAULT AND REMEDIES

6.1 Events of Default. Borrower will be in default under this Agreement upon the occurrence of any one or more of the following events after the expiration of applicable cure periods with respect to such event, if any, (some or all collectively, "Events of Default," any one singly, an "Event of Default"):

(a) Payments. If Borrower fails to pay (i) any payment of principal or interest under the Note within ten (10) days after the date when due, or (ii) within ten (10) days after written notice from CCRC, any other sum payable hereunder or under any of the other Loan Documents.

(b) Breach of Covenants. If Borrower fails to perform, keep or observe any term, provision, condition, covenant, or agreement contained in this Agreement (other than a failure which is a default or Event of Default under another subsection of this Section 6.1), any other Loan Document, or any other present or future agreement between Borrower and CCRC and/or evidencing and/or securing the Loan, other than those covenants referred to in clause (a) above, and does not cure that failure within thirty (30) days after written notice from CCRC.

(c) Breach of Representation. If any representation, warranty, statement, report or certificate made or delivered by Borrower or any General Partner, or any of its officers, employees or agents on behalf of Borrower or any General Partner, to CCRC is false in any material respect when made or deemed to be made.

(d) Cross-Default. Any default or defined event of default under any Subordinate Loan, shall have occurred and be continuing after expiration of any applicable cure periods. A waiver of any default or event of default by any Subordinate Lender under any loan document (as distinct from a complete cure of the default by full performance of the Borrower's obligation) shall not constitute a cure thereof and compliance therewith for the purpose of this Agreement if, in CCRC's reasonable judgment, such waiver materially impairs CCRC's security in connection with the Loan or CCRC's rights under the Loan Documents; and an amendment or modification of any such loan or acquisition document shall not constitute a cure thereof or excuse compliance therewith for purposes of this Agreement if, in CCRC's reasonable judgment, such amendment or modification materially impairs CCRC's security in connection with the Loan or CCRC's rights under the Loan Documents.

(e) Voluntary Insolvency. If any insolvency proceeding is commenced by Borrower or any General Partner, or Borrower or any General Partner becomes insolvent or otherwise cannot pay its debts or obligations as such become due (or admits the same in writing).

(f) Involuntary Insolvency. If any insolvency proceeding is commenced against Borrower or any General Partner, except that if Borrower or the applicable General Partner is contesting such insolvency proceeding, such proceeding shall not constitute an Event of Default unless such proceeding is not dismissed within ninety (90) days of commencement.

(g) Sale of Assets. Borrower ceases its operations or sells or otherwise disposes of all or substantially all of the Property, or all or substantially all of the Property is damaged or destroyed, or a governmental authority condemns or expropriates, or an order is issued by a governmental authority for the condemnation or expropriation of, all or substantially all of the Property.

(h) Leases. Borrower is in default under any Approved Lease or any other lease of any part of the other Property and such default is not cured within the time provided for in such approved lease or leases.

(i) Attachment or Levy. If all or any of Borrower's assets or all or any of General Partner's assets in excess of Fifty Thousand and No/100th Dollars (\$50,000.00) in aggregate value are attached, seized, subjected to a writ or distress warrant, or are levied upon, or come into the possession of any judicial officer or assignee for the benefit of creditors unless, with respect to any such assets, such attachment, seizure, writ, warrant or levy shall be dismissed, released or stayed within thirty (30) days of issuance thereof.

(j) Governmental Lien. If a notice of lien, levy or assessment in excess of Fifty Thousand and No/100th Dollars (\$50,000.00) in the aggregate, is filed of record with respect to any or all of Borrower's or any General Partner's assets by the United States Government, or any department, agency or instrumentality thereof, or by any other public authority, or if any taxes or debts owing at any time hereafter to any one or more of such entities in excess of Fifty Thousand and No/100th Dollars (\$50,000.00) in the aggregate, becomes a lien, whether choate, inchoate or otherwise, upon any or all of Borrower's or any of any General Partner's assets, and the same is not paid or otherwise released within forty-five (45) days of the filing thereof.

(k) Criminal Proceedings. If any criminal proceedings against Borrower or any General Partner shall have been instituted or Borrower or any General Partner shall be indicted for any crime, in either case for which a forfeiture of a material amount of the Property or any of its other property or assets is a potential penalty and such proceedings or indictment is not dismissed within sixty (60) days.

(l) Other Debt. Borrower incurs any indebtedness (other than the Loan and the Subordinate Loan).

6.2 Remedies. If an Event of Default occurs under this Agreement (after the expiration of any cure period therefor, if any) or under any other Loan Document, the Note and all other obligations due to CCRC shall, at CCRC's option, become immediately due and payable. If an Event of Default referred to in clause (e) or (f) of Section 6.1 hereof shall occur, the Note and all other obligations due to CCRC shall automatically become due and payable. CCRC may exercise any right or remedy which it has under this Agreement or any other Loan Document, or which is otherwise available at law or in equity or by statute, or under the California Uniform Commercial Code, and all of CCRC's rights and remedies shall be cumulative.

## ARTICLE VII. MISCELLANEOUS PROVISIONS

7.1 No Waiver; Consents. Each waiver by CCRC must be in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from any delay or failure by CCRC to take action on account of any default of Borrower. Consent by CCRC to any act or omission by Borrower shall not be construed as a consent to any other or subsequent act or omission or as a waiver of the requirement for CCRC's consent to be obtained in any future or other instance.

7.2 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and benefit of CCRC and Borrower and their successors and assigns. No trust fund is created by this Agreement and no other persons or entities shall have any right of action under this Agreement or any right to the Loan funds.

7.3 Joint and Several Liability. Subject to the nonrecourse provision effective as of the Conversion Date contained in the Note and Deed of Trust, if more than one entity signs as Borrower, each shall be jointly and severally liable to CCRC for the faithful performance of this Agreement.

7.4 Notices. All notices and demands given pursuant to the terms hereof shall be given in writing delivered in person, by commercial courier, or by registered or certified mail, return receipt

requested, with all postage and fees fully prepaid. Notices shall be considered delivered upon receipt, as indicated by the return receipt if mailed; except that, upon an attempt to effectuate service of notice as provided herein, if the party being given notice either (a) refuses to accept delivery, or (b) has moved and the most recent address given to receive notice has no current registered forwarding address or a registered forwarding address only to a post office or other box, that party shall be deemed to have received the notice. Alternatively, notices may be served by facsimile transmission sent to the party intended to receive the notice, and shall be deemed served upon telephonic or return facsimile acknowledgment by the party receiving the notice that a complete and legible copy of the notice has been received. Notices shall be addressed as appears below for the respective parties:

If to Borrower:

EB, L.P.  
22645 Grand Street  
Hayward, California 94541  
Attention: Linda Mandolini  
Facsimile: (510) 582-0122  
Telephone: (510) 582-1460

With a copy to:

U.S. Bancorp Community Development Corporation  
1307 Washington Avenue, Suite 300  
Mail Code: SL MO RMCD  
St. Louis, Missouri 63103  
Attention: Director of LIHTC Asset Management  
Telephone: (314) 335-2600

And to:

Gubb & Barshay LLP  
505 14th Street, Suite 1050  
Oakland, California 94612  
Attention: Natalie Gubb, Esq.  
Facsimile: (415) 781-6967  
Telephone: (415) 781-6600

And to:

Kutak Rock LLP  
1650 Farnam Street  
Omaha, Nebraska 68102  
Attention: Jill H. Goldstein, Esq.  
Telephone: (402) 231-8749

If to CCRC:

California Community Reinvestment Corporation  
225 W. Broadway, Suite 120  
Glendale, California 91204  
Attention: Mary Kaiser  
Facsimile: (818) 550-9806  
Telephone: (818) 550-9800

The address(es) for service of notice on either party may be changed by that party serving a notice

upon the other of the new address, except that any change of address to a post office box shall not be effective unless a street address is also specified for use in effectuating personal service.

7.5 Actions. CCRC shall have the right, but not the obligation, to commence, appear in, and defend any action or proceeding which might affect its security or its rights, duties or liabilities relating to the Loan, the Bonds, the Property, or any of the Loan Documents or any of the Bond Documents. Borrower shall pay promptly on demand all of CCRC's reasonable out-of-pocket costs, expenses, and legal fees and expenses of CCRC's counsel incurred in those actions or proceedings.

7.6 Attorneys' Fees. If any lawsuit, reference or arbitration is commenced which arises out of, or which relates to, this Agreement, the Loan Documents or the Loan, the prevailing party shall be entitled to recover from each other party such sums as the court, referee or arbitrator may adjudge to be reasonable attorneys' fees in the action, reference or arbitration, in addition to costs and expenses otherwise allowed by law.

7.7 In-House Counsel Fees. Whenever Borrower is obligated to pay or reimburse CCRC for any attorneys' fees, those fees shall include the allocated costs for services of in-house counsel or loan administrators.

7.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

7.9 Heirs, Successors and Assigns: Participations. The terms of this Agreement shall bind and benefit the heirs, legal representatives, successors and assigns of the parties; provided, however, that Borrower may not assign this Agreement or any Loan funds, or assign or delegate any of its rights or obligations, without the prior written consent of CCRC in each instance. Borrower's rights with respect to the Loan are not and shall not be assignable or otherwise transferable, whether voluntarily or by operation of law, without the prior written consent of CCRC. Any attempted assignment without CCRC's written consent or any other change in Borrower's identity or legal form, including but not limited to a change in partners, stockholders, members or trustees or beneficiaries, or their respective interests, without CCRC's written consent, except to the extent expressly permitted under Section 2.21, shall constitute an Event of Default, and shall release CCRC from all of its obligations with respect to the Loan. CCRC shall have the right to sell participations in the Bonds and/or the Loan to other persons or entities without the consent of or notice to Borrower. Without the consent of or notice to Borrower, CCRC may disclose to any prospective purchaser of any securities issued or to be issued by CCRC, and to any prospective or actual purchaser of any participation or other interest in the Bonds and/or the Loan or any other loans made by CCRC to Borrower (whether under this Agreement or otherwise), on a confidential basis, any financial or other information, data or material in CCRC's possession relating to Borrower, any General Partner, the Bonds, the Loan or the Property.

7.10 Severability. The invalidity or unenforceability of any one or more provisions of this Agreement shall in no way affect any other provision.

7.11 Interpretation. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the sections of this Agreement are for convenience only and do not define or limit any terms or provisions. The word "include(s)" means "include(s), without limitation", and the word "including" means "including, but not limited to". No listing of specific instances, items or matters in any way limits the scope or generality of any language of this Agreement. Time is of the essence in the performance of this Agreement and each of the Loan Documents by Borrower. The exhibits to this Agreement are hereby incorporated in this Agreement.

7.12 Amendments. This Agreement may not be modified or amended except by written agreement signed by the parties.

7.13 Counterparts. This Agreement and any attached consents or exhibits requiring signatures may be executed in counterparts, but all counterparts shall constitute but one and the same document.

7.14 Integration and Relation to Loan Commitment. The Loan Documents fully state all of the terms and conditions of the parties' agreement regarding the matters mentioned in or incidental to this Agreement. The Loan Documents supersede all oral negotiations and prior writings concerning the subject matter of the Loan Documents, including any loan commitment to Borrower. If there is any conflict between the terms, conditions and provisions of this Agreement and those of any other agreement or instrument, including any of the Loan Documents, the terms, conditions and provisions of this Agreement shall prevail.

7.15 Patriot Act Compliance. The USA Patriot Act of 2001 (Public Law 107-56) and federal regulations issued with respect thereto (collectively, the "Patriot Act") requires that financial institutions obtain, verify and record certain information identifying individuals or business entities opening accounts with such financial institutions. An "account" for purposes of the Patriot Act can include, without limitation, a deposit account, a cash management service, a transaction or asset account, a credit account, and a loan or other extension of credit. Consequently, CCRC (for itself and/or as agent for its member financial institutions) shall be entitled to request from Borrower, and Borrower shall provide to CCRC, Borrower's name, address, tax identification number and/or such other identification information as shall be necessary for CCRC to comply with the Patriot Act.

7.16 Effectiveness Upon Conversion Date. Notwithstanding anything in the foregoing to the contrary, it is expressly understood and agreed by CCRC and Borrower that this Agreement shall not be effective unless the Bonds are purchased by CCRC pursuant to the Bond Purchase Agreement, the Assignment and Assumption is recorded and the Conversion of the Loan to the Permanent Loan, and if CCRC does not purchase the Loan for any reason, including any reason beyond the control of Borrower, and this the Conversion Date never occurs, then this Agreement shall never become effective, except for the provisions of Article V (Representations and Warranties), and Article VII (Miscellaneous), each of which shall be effective at all times and under all circumstances.

7.17 Investor Cure Rights. CCRC agrees that it shall not complete a foreclosure sale of the Property or record a deed-in-lieu of foreclosure with respect to the Property (each, a "Foreclosure Remedy") unless and until U.S. Bancorp Community Development Corporation ("Investor") has first been given thirty (30) days written notice of the Event(s) of Default, giving rise to CCRC's right to complete such Foreclosure Remedy, and Investor has failed, within such thirty (30) day period to cure such Event(s) of Default; provided, however, that CCRC shall be entitled during such thirty (30) day period to continue to pursue all of its rights and remedies under the Loan Documents, including but not limited to causing the acceleration of the Note (subject to any de-acceleration provisions specifically set forth in the Loan Documents), commencement and pursuit of foreclosure (but not completion of the foreclosure sale), any guaranty (subject to any notice and cure provisions contained therein), and/or any other Loan Document. In the event CCRC has accelerated the Note and Investor cures all Events of Default giving rise to such acceleration within the thirty (30) day cure period described above, such cure shall have the effect of de-accelerating the Note; provided, however, that such de-acceleration shall not waive or limit any of CCRC's rights to accelerate the Note or exercise any other remedies under the Loan Documents as to any future or continuing Events of Default. It is the express intent of the parties hereunder that CCRC shall have the right to pursue all rights and remedies except completion of a Foreclosure Remedy without liability to Investor for failure to provide notice to Investor, and that CCRC's liability hereunder shall be expressly limited to actual damages to Investor directly caused by CCRC's completion of a Foreclosure Remedy without Investor receiving the notice and opportunity to cure described above. CCRC's failure to give any such notice for any reason shall not act to impair or waive any remedy or right of CCRC under this Agreement or any other Loan Document. Unless expressly prohibited by law, Investor agrees to record a "Request for Notice," or similar appropriate document requesting notice of any foreclosure sale, in the Official Records of the County in which the Property is located, and in the event CCRC has failed to sooner provide notice to Investor, the receipt of such notice of foreclosure sale shall be deemed to be notice to Investor as contemplated

hereunder. CCRC shall give Investor notice at the address set forth below or such other address as Investor may instruct CCRC in writing from time to time.

Addresses for Notices to Investor (which shall not constitute notice to the Borrower):

U.S. Bancorp Community Development Corporation  
1307 Washington Avenue, Suite 300  
Mail Code: SL MO RMCD  
St. Louis, Missouri 63103  
Attention: Director of LIHTC Asset Management  
Telephone: (314) 335-2600

With a copy to:

Kutak Rock LLP  
1650 Farnam Street  
Omaha, Nebraska 68102  
Attention: Jill H. Goldstein, Esq.  
Telephone: (402) 231-8749

*[Signature Pages Follow]*

IN WITNESS WHEREOF, CCRC and Borrower have caused this Agreement to be duly executed as of the date first above written.

**BORROWER:**

**EB, L.P.,**  
a California limited partnership

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

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

By:   
Linda Mandolini  
President

CCRC:

**CALIFORNIA COMMUNITY REINVESTMENT  
CORPORATION,**  
a California nonprofit public benefit corporation

By:   
Maria A. Majczinger  
Senior Vice President

Signature Page to Permanent Loan Agreement

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EXHIBIT A

PROPERTY DESCRIPTION

REAL PROPERTY IN THE CITY OF PINOLE, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PORTION OF THE WEST 1/2 SECTION 22, TOWNSHIP 2 NORTH, RANGE 4 WEST, MOUNT DIABLO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERN CORNER OF LOT 101, AS SHOWN ON THE MAP OF SUBDIVISION 4176, FILED JANUARY 17, 1972, IN BOOK 143 OF MAPS, PAGES 13 TO 18 INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF CONTRA COSTA COUNTY; RUNNING THENCE ALONG THE GENERAL NORTHERN AND NORTHWESTERN BOUNDARY OF SAID LOT, AS FOLLOWS: SOUTH 50° 02' 28" WEST 200.89 FEET; SOUTH 85° 07' 17" WEST 176.64 FEET; SOUTH 61° 19' 59" WEST 149.45 FEET; SOUTH 17° 57' 45" WEST 199.48 FEET; AND SOUTH 88° 38' 33" WEST 58.96 FEET TO THE EASTERN LINE OF THE LAND SHOWN ON THE MAP OF SUBDIVISION 2680, FILED FEBRUARY 11, 1959, IN BOOK 72 OF MAPS, PAGE 12, IN THE OFFICE OF THE COUNTY RECORDER OF CONTRA COSTA COUNTY; THENCE ALONG THE EXTERIOR BOUNDARY OF SAID LAND, AS FOLLOWS: NORTH 17° 58' 33" EAST 275.00 FEET; NORTH 42° 51' 27" WEST 125.00 FEET; NORTH 29° 36' 27" WEST 144.00 FEET; NORTH 49° 36' 27" WEST 84.93 FEET; NORTH 01° 09' 40" WEST 187.93 FEET; SOUTH 88° 50' 20" WEST 23.00 FEET AND NORTH 01° 09' 40" WEST 92.00 FEET TO THE NORTHEASTERN CORNER OF LOT 12 OF SAID LAST MENTIONED MAP; THENCE NORTH 89° 32' 35" EAST 319.17 FEET; THENCE NORTH 88° 50' 41" EAST 408.85 FEET TO THE GENERAL WESTERN LINE OF PARCEL A AS SHOWN ON THAT CERTAIN MAP ENTITLED "SUBDIVISION 6633", FILED OCTOBER 27, 1986, IN BOOK 308 OF MAPS, AT PAGES 6 TO 9, INCLUSIVE IN THE OFFICE OF THE COUNTY RECORDER OF CONTRA COSTA COUNTY; THENCE ALONG LAST SAID LINE, SOUTH 14° 02' 58" EAST 193.94 FEET AND SOUTH 07° 11' 55" WEST, 230.35 FEET TO THE POINT OF BEGINNING.

APN: 401-240-032-3

## EXHIBIT B

### LOAN DOCUMENTS

The "Loan Documents" (any one singly, a "Loan Document") are defined to include all documents marked below, together with the exhibits to each of them, as one or more of them may be extended, renewed or changed from time to time with the prior written consent of CCRC in each instance. The Loan Documents will also include any document to be executed concurrently herewith or in the future in connection with the Loan other than the Environmental Indemnity.

1. Loan Agreement
2. Note
3. This Agreement
4. Deed of Trust
5. UCC-1 Financing Statement from Borrower (in connection with the Deed of Trust)
6. Replacement Reserve Agreement
7. Assignment and Subordination of Contracts
8. Assignment and Subordination of Architect's Contract
9. Assignment and Subordination of Construction Contract
10. Assignment and Subordination of Engineering Contracts
11. Assignment of Property Manager Agreement
12. California Judicial Reference Agreement
13. Subordination Agreement (relating to the County Loan)
14. Subordination Agreement (relating to the City Loan)
15. Subordination Agreement (relating to the Seller Loan)
16. Subordination and Intercreditor Agreement (Eastbluff Apartments - TCAC)
17. All authority documents of Borrower, and its constituent entities in connection with the Purchased Documents

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

**Up to \$29,476,000.00**

**COUNTY OF CONTRA COSTA, CALIFORNIA  
MULTIFAMILY HOUSING REVENUE BOND  
(EAST BLUFF APARTMENTS), SERIES 2016A**

Dated Date	Maturity Date
April 6, 2016	April 1, 2038

REGISTERED OWNER: U.S. BANK NATIONAL ASSOCIATION

PRINCIPAL SUM: Up to TWENTY-NINE MILLION FOUR HUNDRED SEVENTY-SIX THOUSAND DOLLARS

The County of Contra Costa, California, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California (herein called the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, the sum of up to Twenty-Nine Million Four Hundred Seventy-Six Thousand Dollars (\$29,476,000.00) together with interest on the unpaid Outstanding Balance (as hereinafter defined) at the interest rate referenced in the Indenture referred to below, until the Issuer's obligation to pay the Outstanding Balance shall be discharged. The Outstanding Balance shall mean the purchase price of the Bonds (defined below) which has been advanced by the purchaser thereof under the Indenture, and has not been repaid by the Issuer as of the date of calculation of the Outstanding Balance, subject to the provisions of the second paragraph of Section 2.01 of the Indenture.

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement or the Indenture hereinafter mentioned.

This Bond shall mature on the Maturity Date set forth above, and the entire unpaid principal balance of and any accrued interest on this Bond shall be paid in full on or before such date. Interest shall be due and payable on each Interest Payment Date in accordance with the requirements of the Indenture.

In the event the Issuer fails to make the timely payment of any monthly payment, and such payment remains unpaid for a period of ten (10) days subsequent to the established payment date, the Issuer shall pay interest on the then Outstanding Balance at the Default Rate, as defined in the Indenture referred to below. Additional amounts shall be remitted to the owner of this Bond as required by the Indenture, arising by reason of payments due under the Note (as defined below) and the Loan Agreement referenced below in excess of the principal and interest due on this Bond.

This Bond is one of a duly authorized issue of bonds of the Issuer designated as "County of Contra Costa, California Multifamily Housing Revenue Bonds (East Bluff Apartments), Series 2016A" (the "Bonds"), in the initial aggregate principal amount of up to \$29,476,000, authorized to be issued pursuant to Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (herein called the "Act"), and issued under and secured by an Indenture, dated as of April 4, 2016 (the "Indenture"), between the Issuer and U.S. Bank National Association, as Bondowner Representative (the "Bondowner Representative"). Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Bondowner Representative and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees.

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

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

The Bonds are limited obligations of the Issuer and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Revenues (as that term is defined in the Indenture), consisting primarily of amounts paid by EB, L.P., a California limited partnership (the "Borrower") pursuant to a Construction Loan Agreement, dated the same date as the date of the Indenture (the "Loan Agreement"), among the Bondowner Representative, the Issuer and the Borrower, to finance the acquisition and rehabilitation of a multifamily rental housing project by the Borrower in the City of Pinole, California. The loan of the proceeds of the Bonds under the Loan Agreement (the "Loan") will be evidenced by a promissory note (the "Note") of the Borrower.

The Bonds shall be subject to redemption in accordance with the Indenture. Without limitation on the generality of the foregoing, the Bonds shall be subject to redemption prior to maturity, at a price equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption (a) in whole or in part on any Interest Payment Date,

upon prepayment of the Note in whole or in part; (b) in whole following acceleration of the Loan upon the occurrence of an Event of Default under and as defined in the Loan Agreement; and (c) in whole or in part on any date from the proceeds of any mandatory prepayment of the Note under the terms of the Note or the Loan Agreement.

No notice of redemption of Bonds need be given to the registered owners of the Bonds, and the owner of this Bond, by acceptance hereof, expressly waives any requirement for any notice of redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the holders of at least a majority in aggregate principal amount of the Bonds then outstanding.

The Bonds are issuable only as fully registered Bonds without coupons in a single instrument.

This Bond is transferable by the registered owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Bondowner Representative, but only in the manner, subject to the limitations (including those in Section 2.05 of the Indenture) and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to the transferee in exchange hereof. The Issuer and the Bondowner Representative may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Bondowner Representative shall not be affected by any notice to the contrary. By its acceptance of this Bond, the registered owner hereof agrees not to sell any participating interests in this Bond, except as permitted by the Indenture.

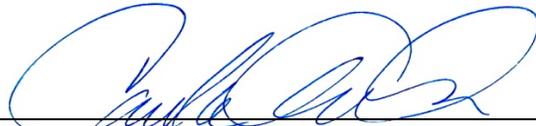
The Indenture contains provisions permitting the Issuer and the Bondowner Representative to execute supplemental indentures adding provisions to, or changing or eliminating any of the provisions of, the Indenture, subject to the limitations set forth in the Indenture. In the event of any inconsistency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

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

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

IN WITNESS WHEREOF, the COUNTY OF CONTRA COSTA, CALIFORNIA has caused this Bond to be executed in its name by the manual or facsimile signature of an Authorized Issuer Representative, all as of the Dated Date set forth above.

COUNTY OF CONTRA COSTA, CALIFORNIA

By:   
Candace Anderson,  
*Chair of the Board of Supervisors*

**CERTIFICATE OF AUTHENTICATION**

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

Date: April 6, 2016

U.S. BANK NATIONAL ASSOCIATION,  
*as Bondowner Representative*

By: \_\_\_\_\_  
Lisa E. Gutierrez,  
*Vice President*

**SPECIMEN**

**ASSIGNMENT**

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

\_\_\_\_\_

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

the within Bond and do(es) hereby irrevocably constitute and appoint

\_\_\_\_\_, attorney,  
to transfer the same on the registration books of the Bondowner Representative, with full power  
of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

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

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

**SPECIMEN**

April 6, 2016

County of Contra Costa  
651 Pine Street  
Martinez, California 94553

**OPINION:** \$29,476,000 Contra Costa County, California Multifamily Housing Revenue Bonds (East Bluff Apartments), Series 2016A

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Members of the Board of Supervisors:

We have acted as bond counsel to the County of Contra Costa, California (the "Issuer") in connection with the issuance by the Issuer of its \$29,476,000 Contra Costa County, California Multifamily Housing Revenue Bonds (East Bluff Apartments), Series 2016A (the "Bonds"), pursuant to Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, Resolution No. 2016/122 adopted by the Issuer on March 29, 2016, and an Indenture, dated as of April 4, 2016 (the "Indenture"), between the Issuer and U.S. Bank National Association, as bondowner representative (the "Bondowner Representative"). The proceeds of the Bonds will be used to make a loan to EB, L.P., a California limited partnership (the "Borrower"), pursuant to the terms of a Construction Loan Agreement, dated as of April 4, 2016 (the "Loan Agreement"), among the Bondowner Representative, the Issuer and the Borrower.

In connection with this opinion, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture and in the certified proceedings and certifications of the Issuer, public officials and the Borrower furnished to us, without undertaking to verify the same by independent investigation.

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

1. The Issuer is a political subdivision and body corporate and politic duly created and validly existing under the laws of the State of California, with the power to enter into the Indenture and the Loan Agreement, perform the agreements on its part contained in the Indenture and the Loan Agreement, and issue the Bonds.
2. The Indenture and the Loan Agreement have been duly approved and entered into by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer in accordance with their respective terms.
3. The Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds.

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

5. Subject to compliance by the Issuer and the Borrower with certain covenants, interest on the Bonds (other than any interest due to an increase in the interest rate on the Bonds by reason of Section 16.29 of the Loan Agreement) is excludable from gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the facilities financed by the Bonds or any person considered to be related to such person (within the meaning of section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code")), is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, and is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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

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

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

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

Respectfully submitted,

*Amit T. LVP*

**PROMISSORY NOTE**

\$29,476,000

Pinole, California  
April 4, 2016

**FOR VALUE RECEIVED, EB, LP**, a California limited partnership ("**Borrower**"), promises to pay to the order of the **COUNTY OF CONTRA COSTA, CALIFORNIA**, a political subdivision and body corporate and politic, organized and existing under the laws of the State of California ("**Issuer**" and "**Lender**"), at U.S. Bank National Association, 4747 Executive Drive, 3<sup>rd</sup> Floor, San Diego, CA 92121, on or before the Maturity Date, the sum of Twenty Nine Million Four Hundred Seventy-Six Thousand and No/100th Dollars (\$29,476,000) or such lesser sum as may actually be owing under borrowings made pursuant to that certain Construction Loan Agreement of even date herewith among Borrower, Issuer and U.S. Bank National Association, a national banking association ("**U.S. Bank**"), as the same may be amended, modified or restated from time to time hereafter (the "**Loan Agreement**") with interest on the unpaid principal balance from the date hereof as hereinafter provided. Pursuant to that certain Assignment of Deed of Trust and Loan Documents (the "**Assignment**") dated as of even date herewith, by and between Issuer and U.S. Bank, in its capacity as "Bondowner Representative" (in such capacity, "**Bondowner Representative**") under that certain Indenture dated as of the date hereof ("**Indenture**"), executed by and between Issuer and Bondowner Representative, Issuer shall, concurrently with the execution of this Note, assign and transfer to Bondowner Representative all of Issuer's right, title and interest in, to and under (but not its obligations as "Issuer" under) that Loan Documents, excluding any right expressly reserved to Issuer as "Unassigned Rights" (as defined in the Indenture). Upon the execution and delivery of the Assignment, (a) all references to "Lender" under this Note shall mean Bondowner Representative and its respective successors and assigns, and (b) Issuer shall be referred to as "Issuer". In its capacity as "Bondowner Representative", U.S. Bank shall have the sole right to exercise, grant, make and/or issue all of the rights, powers, elections, determinations, approvals, consents, remedies, duties and functions of "Lender" hereunder. Capitalized terms herein shall have the respective meanings set forth in the Loan Agreement.

This Promissory Note (this "**Note**") is executed and delivered in connection with the execution of the Loan Agreement. This Note evidences a loan in the amount of \$29,476,000 (the "**Loan**") made by Lender to Borrower for the purpose of the acquisition and rehabilitation of certain improvements (the "**Improvements**") located on the Property (as defined below).

Upon the timely satisfaction of the "Conversion Conditions" set forth in that certain Bond Purchase Agreement, dated as of even date herewith (the "**Bond Purchase Agreement**"), by and among Borrower, U.S. Bank, and California Community Reinvestment Corporation, a California nonprofit public benefit corporation ("**CCRC**"), CCRC has agreed to purchase the Bonds from U.S. Bank for a purchase price in the maximum amount of \$8,450,000. Upon CCRC's purchase of a portion of the Bonds, that certain Permanent Loan Agreement dated as of April 4, 2016 (the "**Permanent Loan Agreement**") by and between Borrower and CCRC shall be in effect and supplement the Loan Agreement. To the extent that any of the terms and provisions of the Permanent Loan Agreement conflict with the terms and provisions of the Loan Agreement, the terms of the Permanent Loan Agreement shall be deemed to amend and restate such conflicting terms and conditions contained in the Loan Agreement. Effective as of the Conversion Date (as

defined in the Bond Purchase Agreement) and CCRC's purchase of the Bonds, any reference herein to "Bondowner Representative" shall mean CCRC and any reference to the "Loan Agreement" shall mean the Loan Agreement, as supplemented by the Permanent Loan Agreement.

This Note is secured by that certain Construction and Permanent Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, executed as of even date herewith (the "***Deed of Trust***"), made by Borrower for the benefit of Lender, encumbering, among other things, certain real property located in Contra Costa County, California and certain improvements and related personal property located thereon (the "***Project***" or "***Property***").

A. **Interest and Payments During the Construction Phase.** Prior to the Conversion Date, this Note shall be governed by the terms of this Section A, Sections C through I, below, and the Loan Agreement. If for any reason, including reasons beyond the Borrower's control, the Conversion Date does not occur, these terms shall control until all sums owing under this Note are paid in full.

1. From the date hereof and through the Maturity Date, interest on each advance hereunder shall accrue at an annual rate equal to the Loan Rate. Interest shall be calculated on the basis of actual days elapsed in a year of 360 days.

2. This Note shall be payable in monthly installments of accrued interest only, commencing May 1, 2016, and continuing on the same day of each month thereafter through the Conversion Date. Notwithstanding anything to the contrary contained herein, if, for any reason whatsoever, the Conversion Date and CCRC's purchase of the Loan do not occur on or before the Termination Date (as defined in the Bond Purchase Agreement), then the entire outstanding principal balance of this Note, together with all accrued and unpaid interest and all other amounts owing under the Loan Documents shall be due and payable in full on the Termination Date. Upon the occurrence of an Event of Default and until such Event of Default is cured to the satisfaction of Lender, the outstanding principal balance of this Note shall bear interest at the Default Rate, not to exceed, however, the maximum rate permitted by law. In the event any installment of principal or accrued interest is not made within five (5) days of its due date, Borrower agrees to pay to Lender a late charge equal to five percent (5%) of the delinquent payment as compensation for the costs and expenses of Lender in handling the delinquent payment.

3. This Note is issued, is to be repaid, and may be accelerated under the terms and provisions of the Loan Agreement. The holder hereof is entitled to all the benefits provided for in the Loan Agreement, or referred to therein. The provisions of the Loan Agreement are incorporated by reference herein with the same force and effect as if fully set forth herein. The maximum principal balance of this Note which may be outstanding from time to time is \$29,476,000.

4. This Note may only be prepaid in accordance with Section 2.4 of the Loan Agreement; provided, however, that so long as the Bond Purchase Agreement is in effect, any such prepayments shall not reduce the principal balance of the Loan or this Note to

an amount less than \$8,450,000, unless such prepayment is (a) made with the prior written consent of Lender and CCRC, or (b) unless CCRC requires a further paydown pursuant to the terms of the Bond Purchase Agreement. All payments on this Note shall be applied in the order set forth in Section 2.3 of the Loan Agreement. **No partial payment shall change any due date or the amount of any regularly scheduled installment of principal due.**

5. Presentment and demand for payment, notice of dishonor, protest and notice of protest are hereby waived. Borrower agrees to pay all costs of collection, including reasonable attorneys' fees, whether or not suit is commenced.

B. **Interest and Payments During the Permanent Phase.** From and after the Conversion Date, this Note shall be governed by the terms of this Section B, Sections C through I, below, and the Permanent Loan Agreement.

1. **Amortization Payments and Interest Rate.**

(a) **Principal and Interest Payment Dates.** On the Conversion Date, Borrower shall make a payment of interest only for interest which will accrue on the Note from the Conversion Date to the first day of the month following the Conversion Date. Thereafter, Borrower promises to pay interest in arrears and principal on this Note on the first day of each month (each, a "**Payment Date**"), commencing on the first day of the month following the first full month after the Conversion Date and continuing on each Payment Date thereafter until the Maturity Date (as defined below). This Note shall bear interest on and after the Conversion Date at the First Reset Rate until the Maturity Date (as defined below).

(b) **Interest Rate.** The "**First Reset Rate**" on this Note from the Conversion Date until the Maturity Date shall be a fixed interest rate of four and six hundredths (4.06%) per annum, provided that the Conversion Date occurs on or prior to August 1, 2018. If CCRC agrees, in its sole and absolute discretion, to extend the Termination Date under the Bond Purchase Agreement, and the Conversion Date occurs after August 1, 2018 in accordance with any such extension, then unless CCRC otherwise conditions such extension, the First Reset Rate on this Note shall be determined as of the date that is ten (10) days prior to the Conversion Date as the greater of (a) four and six hundredths (4.06%) and (b) the percentage obtained by adding five (2.25%) to the Index (as defined below); provided, however, that in no event shall the First Reset Rate exceed the lesser of (i) twelve percent (12.00%) per annum or (ii) the maximum rate permitted by law. As used herein, "Index" means the yield to maturity on a composite of national AAA rated, municipal tax exempt revenue bonds with a fifteen (15)-year term as reported on Bloomberg.com (or, if such report is discontinued, in a comparable industry source selected

by Lender), adjusted to a constant maturity, and as available forty-five (45) days prior to the date upon which the interest rate then in effect on this Note shall be determined.

(c) Calculation of Interest. After Conversion, interest shall be computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months.

(d) Amortization Payments. On and after the Conversion Date until the Maturity Date, for the period commencing on the first Payment Date following the Conversion Date, and continuing on each Payment Date thereafter, Borrower shall pay to the Lender equal monthly installments of principal and interest in arrears in the amount that would fully amortize the Loan as of the Conversion Date over a thirty-five (35)-year period. On the Maturity Date, the entire remaining principal balance hereunder, together with all accrued and unpaid interest thereon, shall be due and payable. BORROWER ACKNOWLEDGES THAT THE AMOUNT OWING PURSUANT TO THE NOTE WILL NOT FULLY AMORTIZE BY THE MATURITY DATE, AND THAT ON THE MATURITY DATE A SUBSTANTIAL “BALLOON PAYMENT” WILL BE DUE AND PAYABLE.

2. Maturity Date. The maturity date of this Note will be the eighteenth (18<sup>th</sup>) anniversary of the first day of the first calendar month following the Conversion Date (the “*Maturity Date*”). The entire unpaid principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable in full on the Maturity Date. Borrower acknowledges and agrees that the Maturity Date may result in a required payoff of this Note and the Bonds prior to the stated maturity date of the Bonds, which is April 1, 2038.

3. Payments. All principal, interest, and all other amounts owing in connection herewith shall be paid by Borrower in lawful money of the United States of America such that the Lender has received immediately available funds for the credit of Borrower not later than 3:00 p.m. Pacific time on the date that such payment is due. Any payment made after 3:00 p.m. Pacific time shall be deemed received on the next Business Day.

4. Prepayment. Beginning with the Conversion Date and continuing until the fifteenth (15<sup>th</sup>) anniversary of the first day of the month following the Conversion Date (the “*Yield Maintenance Period*”), Borrower may prepay all but not part of the principal balance of this Note upon giving Lender not less than sixty (60) days’ prior written notice thereof, and paying all of the unpaid principal balance of this Note on the Business Day before the next scheduled monthly payment date following such 60-day notice, and by also paying (in addition to the entire unpaid principal balance of this Note and all accrued interest and any other sums due Lender at the time of prepayment) a prepayment premium equal to the greater of (i) one percent (1.0%) of the amount of principal being

prepaid, or (ii) the product obtained by multiplying (A) the amount of principal being prepaid, times (B) the difference obtained by subtracting from the Interest Rate then in effect on this Note the Yield Rate (as defined below) on the fifth Business Day preceding the date notice of prepayment is given to Lender (where prepayment is voluntary), or the date Lender accelerates the loan, times (C) the present value factor calculated using the following formula:

$$\frac{1 - (1 + r)^{-n/12}}{r}$$

r = Yield Rate

n = the number of months remaining between (1) either of the following, as applicable: (i) the prepayment date, if the prepayment is voluntary, or (ii) the date on which Lender accelerates any unpaid principal balance of this Note, and (2) the expiration of the Yield Maintenance Period

“**Yield Rate**” means the yield calculated by interpolating the yields for the immediately shorter and longer term U.S. “Treasury constant maturities” (as reported in the Federal Reserve Statistical Release H.15 Selected Interest Rates (the “**Fed Release**”) under the heading “U.S. government securities”) closest to the remaining term of the Yield Maintenance Period, as follows (rounded to three decimal places):

$$\left( \frac{(a - b)}{(x - y)} \times (z - y) \right) + b \text{ Where:}$$

a = the yield for the longer U.S. Treasury constant maturity  
 b = the yield for the shorter U.S. Treasury constant maturity  
 x = the term of the longer U.S. Treasury constant maturity  
 y = the term of the shorter U.S. Treasury constant maturity  
 z = “n” (as defined in the present value factor calculation above) divided by 12

Notwithstanding any provision to the contrary, if “z” equals a term reported under the U.S. “Treasury constant maturities” subheading in the Fed Release, the yield for such term shall be used, and interpolation shall not be necessary. If publication of the Fed Release is discontinued by the Federal Reserve Board, Lender shall determine the Yield Rate from another source selected by Lender. Any determination of the Yield Rate by Lender will be binding absent manifest error.

After the expiration of the Yield Maintenance Period and upon giving Lender sixty (60) days prior written notice, Borrower may prepay the entire unpaid principal balance of this Note (together with all accrued interest and any other sums due Lender at the time of prepayment) on the last Business Day before a scheduled Payment Date by paying (in addition to such entire unpaid principal balance, accrued interest and other sums due Lender at the time of prepayment) a prepayment premium equal to one percent (1%) of

the entire unpaid principal balance of this Note; provided, however, that no prepayment premium shall be due for any full prepayment made by Borrower in accordance with the provisions of this section within ninety (90) days immediately preceding the Maturity Date. No partial prepayment shall be permitted without the consent of Lender in its sole discretion.

Borrower shall pay the prepayment premium due under this Note whether prepayment is voluntary or involuntary in connection with Lender's acceleration of the unpaid principal balance of this Note or the satisfaction or release of the Deed of Trust by foreclosure (whether by power of sale or judicial proceeding, deed in lieu of foreclosure or by any other means). Notwithstanding any other provision herein to the contrary, Borrower shall not be required to pay any prepayment premium in connection with any prepayment occurring as a result of the application of insurance proceeds or condemnation awards under the Deed of Trust.

If the Loan is prepaid after the Conversion Date on any day other than the first day of a calendar month, whether such prepayment is voluntary, involuntary or upon full acceleration of the principal amount of the Loan by Lender following an Event of Default, Borrower shall pay to Lender on the prepayment date (in addition to all other sums then due and owing to Lender under this Note and the other Loan Documents) an additional prepayment charge equal to the interest which would otherwise have accrued on the amount prepaid (had such prepayment not occurred) during the period from and including the prepayment date to and including the last day of the calendar month in which the prepayment occurred.

5. No Deduction. All payments on this Note shall be made without deduction for any present or future taxes, levies, imposts, deductions, charges or withholdings (excluding franchise taxes or United States, state or local taxation on or measured by the overall net income of Lender), which amount shall be paid by Borrower as additional interest. Borrower shall pay the amounts necessary such that the gross amount of principal and interest payments received by Lender is not less than that required by this Note. All stamp and documentary taxes shall be paid by Borrower. If, notwithstanding the foregoing sentences, Lender pays any such taxes, Borrower shall reimburse Lender for the amount paid if, as and to the extent such reimbursement is permitted by applicable law. Borrower shall furnish to Lender official tax receipts or other evidence of payment of all such taxes.

6. Loan Document Event of Default. If any default or Event of Default occurs under the Loan Agreement or any other Loan Document and continues beyond any applicable notice and cure period, then the whole of the principal, interest and charges owing on this Note may become or be declared immediately due and payable and Lender may exercise all remedies under the Loan Documents, or at law, in equity or otherwise, including the right to accelerate the payment of the principal, interest and charges owing hereunder and under the Loan Documents.

7. Limited Recourse.

(a) Generally. Except as set forth herein and in the other Loan Documents, the personal liability of Borrower or any partner of Borrower to pay the principal of and interest on the debt evidenced by this Note and any other Loan Document or agreement evidencing Borrower's obligations under this Note and the Deed of Trust shall be limited to the following: (a) the Property (as defined in the Deed of Trust); (b) the personal property pledged under the Deed of Trust and under any Loan Document executed in connection with the Secured Obligations (as defined in the Deed of Trust); (c) the Rents (as defined in the Deed of Trust); and (d) all other property or assets of Borrower secured by the Loan Documents. Except as set forth herein and in the Loan Documents, Lender shall not seek (i) any judgment for a deficiency against Borrower or any partner of Borrower, or Borrower's or any of Borrower's partner's members, shareholders, managers, officers, directors, heirs, legal representatives, successors or assigns, in any action to enforce any right or remedy under the Deed of Trust or the Loan Documents, or (ii) any judgment on this Note, except as may be necessary in any action brought under the Deed of Trust or the Loan Documents to enforce the lien against the Property or to exercise any remedies under any Loan Document.

(b) Exceptions; Personal Liability. Notwithstanding the preceding Section, the Borrower and any general partner of Borrower (each individually, or on a joint and several basis if more than one) shall be personally liable in the amount of any loss, damage or cost (including but not limited to reasonable attorneys' fees) resulting from one or more of the following: (a) fraud or written material misrepresentation by Borrower or its agents or employees, or Borrower's partner or its agents or employees, in connection with obtaining the Loan evidenced by this Note, or in complying with any of Borrower's obligations under the Loan Documents; (b) Borrower's failure to pay (beyond any applicable notice and cure periods) any and all insurance proceeds, condemnation awards, damage proceeds, security deposits received from tenants or other sums or payments received by or on behalf of Borrower in its capacity as owner of the Property and not applied in accordance with the provisions of the Deed of Trust and the Loan Documents (except to the extent that Borrower did not have the legal right because of a bankruptcy, receivership or similar judicial proceeding, to direct disbursement of such sums or payments); (c) Borrower's failure to pay all Rents (as defined in the Deed of Trust) actually received by Borrower and not applied to the payment of the reasonable operating expenses of the Project and then to the payment of principal and interest then due and owing under this Note or the Loan Agreement and any other amounts arising or due and owing under the Loan Documents, including but not limited to deposits or reserves payable under any Loan Document (except to the extent that Borrower did not have the legal right, because of a

bankruptcy, receivership or similar judicial proceeding, to direct the disbursement of such sums); (d) Borrower's failure, following an event of default under any of the Loan Documents beyond any applicable notice or cure period to deliver to Lender on demand all Rents (as defined in the Deed of Trust) (except to the extent that Borrower did not have the legal right because of a bankruptcy, receivership or similar judicial proceeding to direct the disbursement of such sums), books and records relating to the Project; (e) commission of material waste by Borrower (or any general partner, officer, director or agent of Borrower or any guarantor or owner of any collateral as described in the Deed of Trust or the Loan Documents); provided, however, that failure of Borrower to restore or repair the Project after damage or destruction to them shall not be material waste, notwithstanding the availability of insurance proceeds or condemnation awards in connection therewith; and (f) any amounts owing to CCRC under any "Hazardous Substances" indemnities (as defined in the Environmental Indemnity (Unsecured) dated as of even date herewith, made by and between Borrower and CCRC).

- (c) Guaranties; Other Rights of Lender Relating to Collection of Amounts Owed. Notwithstanding the foregoing, no provision of this Section shall (a) release or reduce the debt evidenced by this Note, (b) impair the right of Lender to enforce any provisions of the Deed of Trust or the Loan Documents, or (c) impair the liens of the Deed of Trust or the Loan Documents. Nothing herein shall directly or indirectly limit the right of Lender to collect or recover any collateral as described in the Deed of Trust or Loan Documents from Borrower or any person holding or receiving the same without the written consent of Lender, including any partner, shareholder, member or affiliate of Borrower or any partner of Borrower who receives the Rents (as defined in the Deed of Trust) assigned to Lender after the same become payable to Lender or under circumstances where the same are recoverable by Lender under applicable law or by contract. Furthermore, nothing in any other provision of this Note or the other Loan Documents shall be deemed to limit Lender's right to enforce collection from Borrower (or any other person liable therefor) of all reasonable attorneys' fees, costs, expenses, indemnity liabilities and other amounts payable to Lender apart from principal, interest or late fees owing under this Note. This Section shall only apply to principal constituting the original loan evidenced by this Note and interest accrued thereon under this Note and shall not affect other indebtedness owing under the Loan Documents. Nothing in this Section is intended to subordinate any obligation or liability of Borrower to Lender to any operating expenses of the Project, and upon an event of default under any Loan Document, Lender may apply Rents (as defined in the Deed of Trust) to any secured or unsecured obligation owing to Lender, in any order. Notwithstanding anything herein to the contrary, no limited

partner of Borrower (to the extent it continues to act in a capacity as a limited partner of Borrower) shall have any personal liability in connection with a default by Borrower under this Note or the Deed of Trust.

8. Applicability. The limited recourse described in Section B.7 and the other provisions within this Section B shall apply only after the Conversion Date.

9. Late Payments; Default Rate.

(a) Late Charge for Overdue Payments. Prior to the Conversion Date, in the event any installment of principal or accrued interest is not made within ten (10) days of its due date, Borrower agrees to pay to Lender a late charge equal to five percent (5%) of the delinquent payment as compensation for the costs and expenses of Lender in handling the delinquent payment. After the Conversion Date, if the holder of this Note has not received the full amount of any monthly payment, other than the first principal payment, by the end of ten (10) calendar days after the date it is due, Borrower shall pay a late charge to the holder in the amount of five percent (5%) of the overdue payment. Borrower shall pay this late charge only once on any late payment.

(b) Default Rate. The interest rate in effect from time to time under this Note may be herein referred to as the “**Note Rate**.” Upon the occurrence of any default hereunder or Event of Default under the Loan Documents (as defined therein, subject to any applicable notice and cure periods), the Loan shall bear interest at the rate which is five percent (5%) above the then current Note Rate (the “**Default Rate**”), provided, however, that in no event shall the Default Rate exceed the lesser of (i) the maximum rate permitted by law or (ii) twelve percent (12%) per annum. Additionally, from and after (a) the Maturity Date, (b) if the Conversion Date does not occur prior to the Termination Date, or (c) any other date that all sums owing on this Note become due and payable by acceleration or otherwise, this Note shall bear interest at the Default Rate. Accrued interest, at the Note Rate, if not paid when due, shall accrue at the Default Rate, as hereinabove provided, which may result in compounding of interest. Except as otherwise set forth herein or in any other Loan Document, payments under this Note or under any other Loan Document that are due on demand, shall bear interest at the Default Rate (i) from the date costs or expenses are incurred by the holder of this Note that give rise to the demand or (ii) if there is no such date, then from the date of demand, until Borrower pays the full amount of such payment, including interest.

(c) Acceleration. If: (a) Borrower shall fail to pay when due any sums payable hereunder, subject to any applicable notice and cure period; or

(b) an Event of Default occurs under the Deed of Trust or under any obligation secured thereby; THEN Lender may, at its sole option, declare all sums owing under this Note immediately due and payable; provided, however, that if any document related to this Note provides for automatic acceleration of payment of sums owing hereunder, all sums owing hereunder shall be automatically due and payable in accordance with the terms of that document.

10. Attorneys' Fees.

- (a) Attorneys' Fees Generally. Borrower shall reimburse Lender, Bondowner Representative, and any other holder of this Note (collectively, the "**Lender Parties**") for all costs, expenses and attorneys' fees incurred by the Lender Parties in connection with the enforcement of the Lender Parties' rights under this Note and each of the other Loan Documents, including, without limitation, costs, expenses and attorneys' fees for trial, appellate proceedings, out-of-court negotiations, workouts and settlements, and for enforcement of rights under any state or federal statute, including, without limitation, costs, expenses and attorneys' fees incurred to protect the Lender Parties' security and attorneys' fees, costs and expenses incurred in bankruptcy and insolvency proceedings such as (but not limited to) in connection with seeking relief from stay in a bankruptcy proceeding. For purposes of this Section B.10, the term "expenses," means any expenses incurred by the Lender Parties in connection with any of the out-of-court, or state, federal or bankruptcy proceedings referenced above, including, but not limited to, the fees and expenses of any appraisers, consultants and expert witnesses retained or consulted by the Lender Parties in connection with any of those proceedings.
- (b) Post-Judgment Proceedings. Each of the Lender Parties shall also be entitled to its attorneys' fees, costs and expenses incurred in any post-judgment proceedings to collect and enforce the judgment. This provision is separate and several and shall survive the merger of this agreement into any judgment on this agreement.
- (c) Payment Upon Demand. Borrower shall pay all amounts due under this Section promptly upon demand with interest thereon until paid at the Default Rate then in effect which shall be compounded monthly. Borrower's reimbursement obligations hereunder shall be part of the indebtedness secured by the Loan Documents.

C. Waivers. Except as herein provided, Borrower and all others who may become liable for all or part of the principal balance hereof or for any obligations of Borrower to Lender, Agent, Holder or the holder hereof (a) jointly and severally, forever waive presentment, protest and demand, notice of protest, demand and dishonor and non-payment of this Note, and all other notices in connection with the delivery, acceptance, performance, default or

enforcement of the payment of this Note, (b) agree that the time of payment of the debt or any part thereof may be extended from time to time without modifying or releasing the lien of the Deed of Trust or other Loan Documents or the liability of Borrower or any other such parties, the right of recourse against Borrower and such parties being hereby reserved by Lender, Agent and Holder; and (c) agree that time is of the essence. Borrower agrees to pay all costs of collection when incurred, whether suit be brought or not, including attorneys' fees and costs of suit and preparation therefor, and to perform and comply with each of the covenants, conditions, provisions and agreements of Borrower contained in this Note, Deed of Trust and the Loan Documents. It is expressly agreed by Borrower that no extensions of time for the payment of this Note, nor the failure on the part of Lender to exercise any of its rights hereunder, shall operate to release, discharge, modify, change or affect the original liability under this Note, Deed of Trust or any of the Loan Documents, either in whole or in part. The pleading of any statute of limitations as a defense to any demand against the makers, endorsers, guarantors and sureties hereof is expressly waived by each and all such parties to the extent permitted by law.

D. **Usury.** If from any circumstances whatsoever, by reason of acceleration or otherwise, the fulfillment of any provision of this Note involves transcending the limit of validity prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then the obligations to be fulfilled will be reduced to the limit of such validity as provided in such statute or law, so that in no event shall any exaction be possible under this Note in excess of the limit of such validity. Borrower and Lender intend that the loan evidenced by this Note be exempt from the restrictions contained in the California usury law and be in strict compliance with any applicable usury law. In furtherance thereof, Borrower and Lender stipulate and agree that none of the terms and provisions contained in this Note, or in any other Loan Document executed in connection herewith, shall ever be construed to create a contract to pay for the use, forbearance or detention of money, or interest at a rate in excess of the maximum interest rate permitted to be charged by applicable law. Therefore, if a court ultimately determines that the loan evidenced by this Note is not exempt from the California usury law, or if a court determines that the usury law of another jurisdiction should be applied to the loan evidenced by this Note: (a) neither Borrower nor any endorsers or other parties now or hereafter becoming liable for payment of this Note shall ever be required to pay interest on this Note at a rate in excess of the maximum interest that may be lawfully charged under applicable law, and the provisions of this Section shall control over all other provisions of this Note and any other Loan Document now or hereafter executed in connection herewith; (b) if the maturity of this Note shall be accelerated for any reason or if the principal of this Note is paid prior to the end of the term of this Note, and as a result thereof the interest received for the actual period of existence of the loan evidenced by this Note would be unlawful, the holder of this Note shall refund to Borrower the amount of such excess or shall credit the amount of such excess against the principal balance of this Note then outstanding; and (c) in the event that Lender or any other holder of this Note shall collect monies which are deemed to constitute interest which would increase the effective interest rate on this Note to a rate in excess of that permitted to be charged by applicable law, all such sums deemed to constitute interest in excess of the legal rate shall, upon such determination, at the option of the holder of this Note, be immediately returned to Borrower or credited against the principal balance of this Note then outstanding.

E. **Time is of the Essence.** Time is of the essence with respect to every provision hereof.

F. **Governing Law.** Borrower agrees that (1) this instrument and the rights and obligations of all parties hereunder shall be governed by and construed under the laws of the State of California, and (2) the obligations evidenced by this Note represent an exempted transaction under the Truth-In-Lending Act, 15 U.S.C. Section 1601, et. seq. If any provision of this Note shall be illegal or unenforceable, such provision shall be deemed canceled to the same extent as though it never had appeared therein, but the remaining provisions shall not be affected thereby. Borrower consents to the personal jurisdiction of the federal and state courts located in the State of California, waives any argument that such a forum is not convenient, and agrees that any litigation relating to this Note initiated by it or on its behalf shall be venued, prior to the Conversion Date, in Contra Costa County, California, and from and after the Conversion Date, in Los Angeles County, California.

G. **Successors and Assigns.** All rights, powers, privileges and immunities herein granted to Lender shall extend to its successors and assigns and any other legal holder of this Note, with full right by Lender to assign and/or sell same to any individual or entity, including, but not limited to, Holder and CCRC.

H. **Notices.** Whenever Lender or Borrower desires to give any notice to the other, it shall be sufficient for all purposes if such notice is personally delivered or sent by registered or certified United States mail, postage prepaid, addressed to the intended recipient at the address listed on the signature page of this Note for Borrower, or such other address as hereafter specified in writing, and for Lender at the address listed at the beginning of this Note, or such other address as hereafter specified in writing.

I. **WAIVER OF RIGHT TO TRIAL BY JURY.** WAIVER OF JURY TRIAL: TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND LENDER HEREBY JOINTLY AND SEVERALLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS INSTRUMENT AND TO ANY OF THE LOAN DOCUMENTS, THE OBLIGATIONS HEREUNDER OR THEREUNDER, ANY COLLATERAL SECURING THE OBLIGATIONS, OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED THERETO. BORROWER AND LENDER EACH REPRESENTS TO THE OTHER THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.

*[Signature Page Follows]*

IN WITNESS WHEREOF, Borrower has executed this Promissory Note as of the date first written above.

**BORROWER:**

**EB, LP,**

a California limited partnership

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

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

By:   
Linda Mandolini  
President

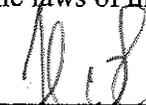
*[Signature Page to Promissory Note]*

**ALLONGE**

Pay to the order of U.S. Bank National Association, a national banking association, as Bondowner Representative, without recourse or warranty.

**COUNTY OF CONTRA COSTA,  
CALIFORNIA**, a political subdivision and body  
corporate and politic, organized and existing  
under the laws of the State of California

By:

  
\_\_\_\_\_  
John Kopchik, Director, Department  
of Conservation and Development

*[Signature Page to Promissory Note (Allonge) (East Bluff Apartments)]*

**\$29,476,000**  
**COUNTY OF CONTRA COSTA, CALIFORNIA**  
**Multifamily Housing Revenue Bonds**  
**(East Bluff Apartments), Series 2016A**

Maturity Schedule

April 1, 2038                      \$29,476,000<sup>(1)</sup>

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(1) Bonds are payable on a monthly basis with interest only due on the first day of each month, commencing May 1, 2016, to and including August 1, 2018, and on August 1, 2018 \$21,026,000 of the principal will be due and payable. Thereafter, monthly payments of principal and interest will be due on the first day of each month, with principal based on a thirty (30) year amortization schedule and a fixed interest rate of 4.06%. All unpaid principal and interest will be due and payable on April 1, 2038.

April 6, 2016

County of Contra Costa  
651 Pine Street  
Martinez, California 94553

**OPINION:** \$29,476,000 Contra Costa County, California Multifamily Housing Revenue Bonds (East Bluff Apartments), Series 2016A

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Members of the Board of Supervisors:

We have acted as bond counsel to the County of Contra Costa, California (the "Issuer") in connection with the issuance by the Issuer of its \$29,476,000 Contra Costa County, California Multifamily Housing Revenue Bonds (East Bluff Apartments), Series 2016A (the "Bonds"), pursuant to Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, Resolution No. 2016/122 adopted by the Issuer on March 29, 2016, and an Indenture, dated as of April 4, 2016 (the "Indenture"), between the Issuer and U.S. Bank National Association, as bondowner representative (the "Bondowner Representative"). The proceeds of the Bonds will be used to make a loan to EB, L.P., a California limited partnership (the "Borrower"), pursuant to the terms of a Construction Loan Agreement, dated as of April 4, 2016 (the "Loan Agreement"), among the Bondowner Representative, the Issuer and the Borrower.

In connection with this opinion, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture and in the certified proceedings and certifications of the Issuer, public officials and the Borrower furnished to us, without undertaking to verify the same by independent investigation.

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

1. The Issuer is a political subdivision and body corporate and politic duly created and validly existing under the laws of the State of California, with the power to enter into the Indenture and the Loan Agreement, perform the agreements on its part contained in the Indenture and the Loan Agreement, and issue the Bonds.
2. The Indenture and the Loan Agreement have been duly approved and entered into by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer in accordance with their respective terms.
3. The Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds.

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

5. Subject to compliance by the Issuer and the Borrower with certain covenants, interest on the Bonds (other than any interest due to an increase in the interest rate on the Bonds by reason of Section 16.29 of the Loan Agreement) is excludable from gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the facilities financed by the Bonds or any person considered to be related to such person (within the meaning of section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code")), is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, and is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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

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

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

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

Respectfully submitted,

*Quint & Klein LLP*