

TRANSMITTAL

To:

THE COUNCIL

Date:

AUG 05 2013

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in black ink, appearing to be 'Eric Garcetti', written over a faint circular official seal.

ERIC GARCETTI
Mayor

(Ana Guerrero)



Eric Garcetti, Mayor
Mercedes M. Márquez, General Manager

Finance & Development Division

1200 West 7th Street, 8th Floor, Los Angeles, CA 90017
tel 213.808.8901 | fax 213.808.8918
hcidla.lacity.org

July 15, 2013

Council File: #11-0054-S2

Council District: 8

Contact Persons:

Bruce Ortiz (213) 808-8958

Yaneli Ruiz (213) 808-8951

Manuel Bernal (213) 808-8901

Helmi Hisserich (213) 808-8662

Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

AMENDED COUNCIL TRANSMITTAL: PERTAINING TO THE REQUEST THAT THE MAYOR AND CITY COUNCIL AUTHORIZE THE ISSUANCE OF UP TO \$7,479,629 IN TAX-EXEMPT MULTI-FAMILY HOUSING REVENUE BONDS FOR THE BROADWAY VILLAS PROJECT AND APPROVAL OF VARIOUS ACTIONS RELATED TO THE AHTF FUNDING.

SUMMARY

- The Los Angeles Housing and Community Investment Department (HCIDLA), formerly known as the Los Angeles Housing Department (LAHD), respectfully requests authority to issue tax-exempt multi-family housing revenue bonds in the amount of up to \$7,479,629 to finance the development of the Broadway Villas Project ("Project"). The California Debt Limit Allocation Committee ("CDLAC") awarded the bond allocation to the City on December 14, 2011 and has approved several requests to extend the allocation expiration. The current CDLAC expiration date is September 30, 2013.
- Authority is also requested to: 1) increase the AHTF loan by \$500,000 from \$4,000,000 to a total of Four Million Five Hundred Thousand Dollars (\$4,500,000) in HOME funds; 2) enter into a lease agreement with proposed limited partnership. The subject site is currently vacant land located at 9413 S. Spring Street, Los Angeles, CA 90003 in the 8th Council District, and is also located within the Broadway/Manchester Redevelopment Recovery Project Area.

OFFICE OF THE MAYOR
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CITY OF LOS ANGELES

- The proposed development entails the new construction of a multi-story structure with one level subterranean parking containing a total of 49 affordable housing units for seniors, consisting of 40 one-bedroom units, 8 two-bedroom units, and 1 two-bedroom unit for an on-site property manager. The Project will include laundry facilities, elevator service, and a community room which includes a manager's office. Services for seniors will include computer training, job training, ESL classes, and health/nutrition programs. Additionally, residents will have access to a new 25,000 square-foot full service supermarket adjacent to this site.
- The subject site was originally owned by the Community Redevelopment Agency of the City of Los Angeles (CRA/LA). Pursuant to the CRA/LA Affordable Housing Assets and Functions Agreement dated April 5, 2013, the property was transferred to the HCIDLA. A portion of the subject site will be used to develop the proposed multi-family development. The remainder of the subject site will be used to develop an approximately 25,000 square-foot supermarket (the "Commercial Project").
- This transmittal supersedes transmittal dated February 15, 2012 for Council File 11-0054-S2.

RECOMMENDATIONS

The General Manager, HCIDLA, respectfully requests the following:

1. That your office schedule this transmittal for consideration at the next available meeting(s) of the appropriate Committee(s) of the City Council and forward it to the City Council for review and approval immediately thereafter;
2. That the City Council:
 - a. Receive and file transmittal dated February 15, 2012 requesting authorization to issue up to \$7,479,629 in tax-exempt multi-family housing revenue bonds for the Broadway Villas project.
 - b. Adopt the attached Resolution authorizing the issuance of up to \$7,479,629 in tax-exempt multi-family housing revenue bonds ("Bonds") for the development of the Broadway Villas Project;
 - c. Approve the related bond documents, subject to the approval of the City Attorney as to form;
3. That the City Council authorize the HCIDLA General Manager or designee to:
 - a. Negotiate and execute the related bond documents, subject to the approval of the City Attorney as to form.

- b. Increase the AHTF loan for the Broadway Villas project using HOME funds in an amount not to exceed \$500,000;
 - c. Execute a Lease Agreement with the proposed limited partnership in the amount of one dollar (\$1.00) per year, for the Broadway Villas project;
 - d. Prepare Controller's Instructions and any necessary technical adjustment(s), consistent with Mayor and Council actions, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions;
4. That the City Council authorize the City Controller to:
1. Allocate and expend funds from the following funds and accounts for the Broadway Villas Project:
- | <u>Project</u> | <u>Fund</u> | <u>Account</u> | <u>Account Name</u> | <u>Amount</u> |
|-----------------|-------------|----------------|---------------------|---------------|
| Broadway Villas | 561/43 | 43J007 | AHTF | \$500,000.00 |
5. That the Mayor concur with the action of the City Council.

BACKGROUND/PROJECT DETAIL

Bond Financing History

Timeline

Inducement	December 28, 2010 (CF #04-2646)
TEFRA Hearing	December 27, 2010
TEFRA Approved by Council	February 4, 2011(CF #11-0054)
CDLAC Application Submitted	October 12, 2011
CDLAC Allocation Award	December 14, 2011
CDLAC Extended Allocation Expiration Date	September 30, 2013

On December 28, 2010, LAHD induced the project thereby enabling the sponsor to apply for a tax-exempt bond allocation from CDLAC. LAHD was authorized to apply for an allocation of up to \$8,380,000 in tax exempt bonds (CF #04-2646). On December 27, 2010, LAHD conducted a public hearing in accordance with the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). On October 12, 2011, LAHD, on behalf of the sponsor, submitted the CDLAC application for an allocation of tax-exempt bonds. On February 4, 2011, the TEFRA Resolution and Minutes were adopted by the City Council (CF #11-0054). On December 14, 2011, the project was awarded an allocation of \$7,479,629 in tax-exempt bonds from CDLAC. The CDLAC allocation expiration date was initially March 13, 2012 and has now been extended to September 30, 2013.

AHTF Financing History

On February 2, 2011, the Mayor and Council approved a commitment of Neighborhood Stabilization Program 2 (NSP2) funds in the amount up to \$4,045,000 for the Broadway Villas, a CRA/LA-owned property that applied in Round 3 of the 2010 Affordable Housing Trust Fund (AHTF) Notice of Funding Availability (NOFA) (C.F. #09-2841). On July 5, 2012, LAHD received Mayor and Council approval to replace \$4,000,000 in NSP2 funds with an equal amount of HOME funds (C.F. #11-1920). The need to exchange NSP2 and HOME funds was a direct result of NSP2 milestones and the demise of the CRA/LA. Because of the uncertainty caused by the California Department of Finance's (DOF) possible claim, title companies would not issue title insurance and the construction and permanent lenders would not close their loans, which jeopardized the project's ability to meet the deadline imposed by the NSP2 regulations of being "fully constructed and 100% occupied by February 2013". Therefore, it was necessary to replace the NSP2 funds with a source that would allow additional time for LAHD and the development team to negotiate and resolve issues while awaiting a decision by DOF.

Approximately one year later, DOF decided it would not make a claim on the land, and the project was officially transferred to the City. This delay resulted in additional costs to the project in the form of holding costs, legal fees, and increases in construction material prices. Although the developer has agreed to defer 100% of their developer fee, the additional costs have created a funding gap of \$500,000. Therefore, it is recommended that an additional \$500,000 in HOME funds be allocated to the project.

Approval of Lease Agreement

The land for this project was originally purchased by the CRA/LA. At the time of the initial approval, the CRA/LA was in the process of negotiating a DDA with the developer/borrower to transfer the property. However, due to the statewide dissolution of redevelopment agencies, the CRA/LA transferred the land to the City. Subsequently, the land was included on a list of housing assets to be transferred to the City as the successor housing agency. As a result, the project was stalled while the City awaited a decision by the DOF.

Due to tax credit rules and the requirements of lenders and equity investors, the Project and the Commercial Project must be separately owned and financed. Therefore, the HCIDLA will lease the entire subject site to AMCAL Market Fund, L.P., a California limited partnership ("AMCAL Market"), which will also act as the developer of the Commercial Project. AMCAL Market will simultaneously sublease (Sub-Ground Lease) the housing portion of the subject site to AMCAL Broadway Fund, L.P., a California limited partnership ("AMCAL Broadway"), the borrower/sponsor upon which the Project will be developed. The Sub-Ground Lease will have a 99-year term and will require \$1.00 annual rental payments. The bond and other debt financing used in connection with the construction and development of the Project will be secured by leasehold deeds of trust recorded against AMCAL Broadway's leasehold interest in the portion of the subject site via the Sub-Ground Lease.

Affordability Restrictions

Unit Mix:

UNIT TYPE	30% AMI	40% AMI	45% AMI	48% AMI	50% AMI	MGR.	TOTAL
1 bedroom	4	5	12	5	14		40
2 bedroom		1			7	1	9
TOTAL	4	6	12	5	21	1	49

Pursuant to the Bond Regulatory Agreement executed in connection with the issuance of tax-exempt bonds the above referenced restrictions will have a term of not less than the latest of: (i) the date which is 15 years after the date on which 50% of the dwelling units in the Project are first occupied, (ii) the first date on which no tax-exempt private activity bond (as that Housing phrase is used in Section 142(d)(2) of the Code) issued with respect to the Housing Project is outstanding, or (iii) the date on which any assistance provided with respect to the Housing Project under Section 8 of the Housing Act terminates. In addition, CDLAC and the California Tax Credit Allocation Committee (CTCAC) will further restrict, via separate agreements, the subject units for a minimum term of 55 years. The HCIDLA loan regulatory agreement will also be in effect for a minimum term of 55 years.

Development Team

The borrower/sponsor is AMCAL Broadway Fund, L.P., a California limited partnership, which includes AMCAL Multi-Housing, Inc. ("AMH"), as its administrative general partner. The principals are Percival Vaz, CEO, Arjun Nagarkatti, President, Luxmi Vaz, Secretary; and Foundation for Affordable Housing II, Inc., ("AHII") as its co-general partner. The principals of AHII are Tom Willard, President; and Deborah Willard, Secretary. Enterprise Community Investment is the proposed tax credit equity investor.

The project developer is AMCAL Enterprises Inc. The principals are Percival Vaz, Director & Chief Executive Officer; Arjun Nagarkatti, President; and Luxmi Vaz, Secretary. The Developer has 15 years in the development of multi-family rental housing, and has developed 40 projects, which resulted in the development of 3,436 housing units.

Borrower	AMCAL Broadway Fund, L.P.
General Partner	AMCAL Multi-Housing, Inc.
Co-General Partner	Foundation for Affordable Housing II

Developer: AMCAL Enterprises, Inc.
 30141 Agoura Road, Suite 100
 Agoura Hills, CA 91301
 Phone: (818) 706-0694 x107
 Contact: Maurice Ramirez– Exec. Vice President

The borrower and developer are in compliance with HCIDLA's Business Policy.

The additional development team members are:

Architect:	Van Tilburg, Banvard, & Soderbergh 1738 Berkeley, Street Santa Monica, CA 90404 Phone: (310) 394-0273 Contact: Navy F. Banyard, AIA
Attorney:	Bocarsly, Emden, Cowan, Esmail & Arndt 355 South Grand Avenue, Suite 4400 Los Angeles, CA 90071 Phone: (213) 239-8048 Contact: Kyle Arndt
General Contractor:	AMCAL General Contractors, Inc. 30141 Agoura Road, Suite 100 Agoura Hills, CA 91301 Phone: (818) 706-0694 x 140 Contact: Karl Huff
Property Manager:	FPI Management 800 Iron Pointe Road Folsom, CA 95630 Phone: (916) 357-5300 ext. 228 Contact: Maureen Picarella
Tax Credit Investor:	Enterprise Community Investment 600 Wilshire Blvd., Suite 600 Los Angeles, CA 90017 Phone: (213) 787-8238 Contact: Reagan Maechling

Financial Structure

U.S. Bank, N.A. ("USB") will purchase the tax-exempt bonds and will provide a construction and permanent loan to AMCAL Broadway, secured by a leasehold deed of trust upon the Housing Project. The USB construction loan will be in the amount of \$7,300,268 and will have a term of 24 months with a variable interest rate currently estimated at 2.25% over 30-day LIBOR with a 150bps underwriting cushion for construction. At conversion to permanent financing, the USB construction loan will be paid down with sources available at the permanent financing

phase. The USB permanent loan will be in the amount of \$1,726,432 at a fixed interest rate currently estimated at 5.5% for a term of 17years with an amortization period of 30 years. Enterprise Community Investment is the equity investor, which will purchase 99% of the Limited Partnership. The Developer has applied for the 4% LIHTC and anticipates raising at least \$6,132,024 in equity. State of California Department of Housing and Community Development (HCD) has awarded the project \$1,894,280 under the Infill Infrastructure Grant (IIG) to be funded 90% at construction and 10% at permanent.

Sources and Uses:

Construction	Total Sources	Per Unit	% Total
Bonds – A tranche (USB)	\$1,726,432	\$35,233	11%
Bonds – B tranche (USB)	\$5,573,836	\$113,752	36%
HCIDLA - HOME	\$4,050,000	\$82,653	26%
HCD - IIG	\$1,704,852	\$34,793	11%
Deferred Developer Fee	\$1,246,668	\$25,442	8%
Deferred Fees	\$225,851	\$4,609	2%
Limited Partner Equity	\$919,804	\$18,772	6%
TOTAL	\$15,447,443	\$315,254	100%

Permanent	Total Sources	Per Unit	% Total
Tax Exempt Bond Proceeds (USB)	\$1,726,432	\$35,233	11%
Permanent Loan (Section 8) (USB)	\$218,402	\$4,457	2%
HCID - HOME	\$4,500,000	\$91,837	29%
HCD - IIG	\$1,894,280	\$38,659	12%
Deferred Developer Fee	\$976,305	\$19,925	6%
Limited Partner Equity	\$6,132,024	\$125,143	40%
TOTAL	\$15,447,443	\$315,254	100%

Uses of Funds	Total Uses	Cost/Unit
Ground Lease	\$357,000	\$7,286
Construction Costs	\$9,767,717	\$199,341
Architectural Fees	\$550,000	\$11,224
Survey & Engineering	\$500,000	\$10,204
Construction Interest & Fees	\$637,472	\$13,010
Permanent Financing	\$214,338	\$4,374
Reserves	\$225,851	\$4,609
Other costs	\$1,768,154	\$36,085
Developer Overhead/Profit	\$1,426,911	\$29,121
TOTALS	\$15,447,443	\$315,254

The HCIDLA Bond Team for the financing of the Broadway Villas Project is as follows:

Bond Issuer Financial Advisor
CSG Advisors, Inc.
One Post Street, Ste. 2130
San Francisco, CA 94104

Bond Counsel
Kutak Rock LLP
601 S. Figueroa, Suite 4200
Los Angeles, CA 90017

Bond Issuer Counsel
Los Angeles City Attorney
200 N. Main Street, 9th Floor
Los Angeles, CA 90012

Labor Costs

Labor costs are subject to the State of California's Prevailing Wage requirements, City's living wages, and/or Federal Davis Bacon wages, where applicable.

Timeline

The California Debt Limit Allocation Committee has established September 30, 2013 as the expiration date of the tax-exempt bonds allocation.

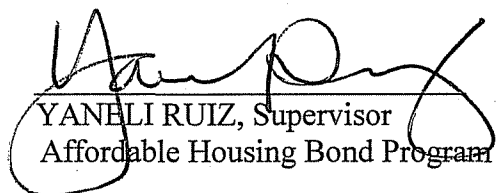
FISCAL IMPACT STATEMENT

There will be no fiscal impact on the General Fund as a result of the proposed actions in this report.

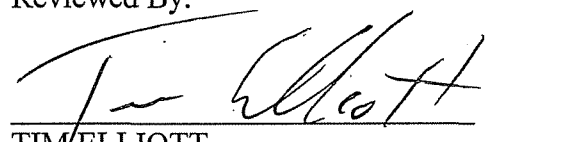
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Prepared By:


BRUCE ORTIZ
Project Coordinator


YANELI RUIZ, Supervisor
Affordable Housing Bond Program

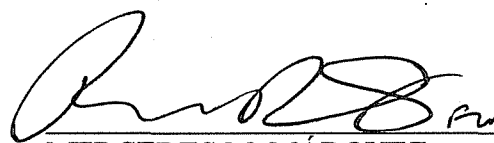
Reviewed By:


TIM ELLIOTT
Manager of Multi-Family Housing Finance


MANUEL BERNAL
Director of Housing

Approved By:


HELMI HISSERICH
Assistant General Manager


MERCEDES M. MÁRQUEZ
General Manager

RESOLUTION

CITY OF LOS ANGELES

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF A BOND BY THE CITY OF LOS ANGELES DESIGNATED MULTIFAMILY HOUSING REVENUE BOND (BROADWAY VILLAS SENIORS APARTMENTS) SERIES 2013B COMPRISED OF MULTIPLE SUB-SERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$7,479,629 TO PROVIDE PERMANENT FINANCING FOR THE CONSTRUCTION OF THE MULTIFAMILY HOUSING PROJECT SPECIFIED IN PARAGRAPH 16 HERETO AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND AGREEMENTS AND THE TAKING OF RELATED ACTIONS.

WHEREAS, the City of Los Angeles (the "City") is authorized, pursuant to the provisions of Section 248, as amended, of the City Charter of the City and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (the "Law") and in accordance with the provisions of Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act"), to issue its revenue bonds for the purposes of providing permanent financing for the construction of multifamily rental housing for persons and families of low or moderate income (the "Program"); and

WHEREAS, the City now desires to issue pursuant to the Law and in accordance with the Act its revenue bond to provide permanent financing for the construction of the multifamily rental housing project described in paragraph 16 hereof (the "Project"); and

WHEREAS, the Project is located wholly within the City; and

WHEREAS, it is in the public interest and for the public benefit that the City authorize the financing of the Project, and it is within the powers of the City to provide for such a financing and the issuance of such bond; and

WHEREAS, the City proposes to issue, pursuant to the Law and in accordance with the Act, its Multifamily Housing Revenue Bond (Broadway Villas Seniors Apartments) Series 2013B comprised of multiple sub-series (the "Bond") in a principal amount not to exceed \$7,479,629; and

WHEREAS, the City proposes to use the proceeds of the Bond to finance a portion of the construction of the Project; and

WHEREAS, U.S. Bank National Association, or a subsidiary or affiliate thereof (the "Purchaser") has expressed its intention to purchase (or to cause a subsidiary or affiliate to

purchase) the Bond authorized hereby in whole, and this Council (the "City Council") finds that the public interest and necessity require that the City at this time make arrangements for the sale of such Bond; and

WHEREAS, the interest on the Bond may qualify for a federal tax exemption under Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code") only if the Bond is approved in accordance with Section 147(f) of the Code; and

WHEREAS, pursuant to the Code, the Bond is required to be approved, following a public hearing, by an elected representative of the issuer of the Bond and an elected representative of the governmental unit having jurisdiction over the area in which the Project is located; and

WHEREAS, this City Council is the elected legislative body of the City and is the applicable elected representative required to approve the issuance of the Bond within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the City caused a notice to appear in the *Los Angeles Times*, which is a newspaper of general circulation in the City, on December 13, 2010, to the effect that a public hearing would be held on December 27, 2010 regarding the issuance of the Bond; and

WHEREAS, the Los Angeles Housing Department held the said public hearing on such date, at which time an opportunity was provided to present arguments both for and against the issuance of the Bond; and

WHEREAS, the minutes of such public hearing, and any written comments received with respect thereto, have been presented to this City Council;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Los Angeles, as follows:

1. The recitals hereinabove set forth are true and correct, and this City Council so finds. This Resolution is being adopted pursuant to the Law.

2. Pursuant to the Law and in accordance with the Act and the Indenture (as hereinafter defined) a revenue bond of the City, to be designated as "City of Los Angeles Multifamily Housing Revenue Bond (Broadway Villas Seniors Apartments) Series 2013B" comprised of multiple sub-series in a principal amount not to exceed \$7,479,629, is hereby authorized to be issued. The amount of the Bond to be issued shall be determined by a Designated Officer (as defined below) in accordance with this Resolution.

3. The proposed form of Indenture of Trust (the "Indenture"), by and among the City, the Purchaser as Bondowner Representative and Wells Fargo Bank National Association (the "Trustee"), in substantially the form attached hereto, is hereby approved. Each of the Mayor of the City, the General Manager, any Assistant General Manager or any Interim General Manager, Interim Assistant General Manager, Executive Officer or

Director-Major Projects Division of the Los Angeles Housing Department (each hereinafter referred to as a "Designated Officer") is hereby authorized and directed, for and in the name and on behalf of the City, to execute the Indenture, with such additions, changes or corrections as the Designated Officer may approve upon consultation with the City Attorney and Bond Counsel and approval by the City Attorney, such approval to be conclusively evidenced by the execution of the Indenture with such additions, changes or corrections.

4. The proposed form of Loan Agreement (the "Loan Agreement"), by and among the City, the Purchaser as Bondowner Representative and the Project owner (as set forth in paragraph 16 hereof, the "Owner"), in substantially the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute the Loan Agreement, with such additions, changes or corrections as the Designated Officer may approve upon consultation with the City Attorney and Bond Counsel and approval by the City Attorney, such approval to be conclusively evidenced by the execution of the Loan Agreement with such additions, changes or corrections.

5. The proposed form of the Bond, as set forth in the Indenture, is hereby approved, and the Mayor and City Treasurer, Interim City Treasurer or Assistant City Treasurer of the City are hereby authorized and directed to execute, by manual or facsimile signatures of such officers under the seal of the City, the Bond in substantially such form, and the Designated Officers are hereby authorized and directed to deliver the Bond to the Trustee in accordance with the Indenture. The date, maturity dates, interest rate or rates (which may be either fixed or variable), interest payment dates, denominations, form of registration privileges, manner of execution, place of payment, terms of redemption, use of proceeds, series designations and other terms of the Bond shall be as provided in the Indenture as finally executed; provided, however, that the aggregate principal amount of the Bond shall not exceed \$7,479,629, the interest rate on the Bond shall not exceed 12% per annum, and the final maturity of the Bond shall be no later than June 1, 2053. The Bond may, if so provided in the Indenture, be issued as a "draw-down" bond to be funded over time as provided in the Indenture. Such Bond may be delivered in temporary form pursuant to the Indenture if, in the judgment of the City Attorney, delivery in such form is necessary or appropriate until the Bond in definitive form can be prepared.

6. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") to be entered into by and among the City, the Trustee and the Owner, substantially in the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Regulatory Agreement, with such additions, changes and corrections as the Designated Officer may approve upon consultation with the City Attorney and Bond Counsel and approval of the City Attorney, such approval to be conclusively evidenced by the execution of said Regulatory Agreements with such additions, changes or corrections. Any Designated Officer is hereby authorized and directed for and in the name and on behalf of the City to execute amendments to the Regulatory Agreement in order that interest on the Bond remains tax-exempt.

7. All actions heretofore taken by the officers and agents of the City with respect to the sale and issuance of the Bond are hereby approved, confirmed and ratified, and each Designated Officer of the City, the City Clerk and other properly authorized officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including, but not limited to, those described in the Indenture, those documents granting a leasehold interest to the Owner in the real property upon which the Project will be constructed, and the other documents herein approved, and including, if deemed desirable by any Designated Officer, a letter or letters of representation to The Depository Trust Company, if the Bond is to be issued in book-entry form only, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bond and the implementation of the Program in accordance with the Act and the Law and this Resolution and resolutions heretofore adopted by the City.

8. The City Clerk of the City or any deputy thereof is hereby authorized to countersign or to attest the signature of any Designated Officer and to affix and attest the seal of the City as may be appropriate in connection with the execution and delivery of any of the documents authorized by this resolution, provided that the due execution and delivery of said documents or any of them shall not depend on such signature of the City Clerk or any deputy thereof or affixing of such seal. Any of such documents may be executed in multiple counterparts.

9. In addition to the Designated Officers, any official of the City, including any official of the Los Angeles Housing Department, as shall be authorized in writing by the Mayor of the City, is hereby authorized for and on behalf of the City to execute and deliver any of the agreements, certificates and other documents, except the Bond, authorized by this Resolution.

10. In accordance with procedures established by the City Charter, the City Council, by adoption and approval of this Resolution and with the concurrence of the Mayor, does hereby direct that the proceeds of the Bond be delivered directly to the Trustee, instead of the City Treasurer, to be deposited into the funds and accounts established under the Indenture.

11. Pursuant to Section 147(f) of the Code, the City Council hereby approves the issuance of the Bond to finance the Project. It is intended that this Resolution constitute approval of the Bond by the applicable elected representative of the issuer of the Bond and the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f).

12. Pursuant to the City Charter all agreements to which the City is a party shall be subject to approval by the City Attorney as to form.

13. Each Designated Officer and other properly authorized officials of the City as specifically authorized under this Resolution are hereby authorized, directed and empowered on behalf of the City and this Council to execute any other additional

applications, certificates, agreements, documents or other instruments or any amendments or supplements thereto, subject to approval by the City Attorney as to form, or to do and to cause to be done any and all other acts and things as they may deem necessary or appropriate to carry out the purpose of the foregoing authorizations and to address any issues arising with respect to the Bond or the agreements relating thereto subsequent to their issuance.

14. The Bond shall contain a recital that it is issued pursuant to the Law and in accordance with the Act.

15. This Resolution shall take effect immediately upon its passage and adoption.

16. The "Project" and "Owner" referred to herein are as follows:

Project Name	# of Units	Address	Owner
Broadway Villas Seniors Apartments	48, plus one manager unit	9425 South Spring Street, Los Angeles, CA 90003	AMCAL Broadway Fund, L.P.

I certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting on _____, 2013.

By _____
Title _____

KUTAK ROCK LLP
07/19/13

INDENTURE OF TRUST

among

CITY OF LOS ANGELES,
as Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

and

U.S. BANK NATIONAL ASSOCIATION,
as Bondowner Representative

relating to

\$[]
City of Los Angeles
Multifamily Housing Revenue Bond
(Broadway Villas Seniors Apartments Project)
Series 2013B

Dated as of [] 1, 2013]

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") dated as of [____ 1, 2013] by and among the **CITY OF LOS ANGELES**, a municipal corporation and charter city of the State of California, duly organized and existing under its charter and the laws of the State of California (the "Issuer"), **U.S BANK NATIONAL ASSOCIATION**, a [Minnesota general partnership] (the "Bondowner Representative"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association duly established, existing and authorized to accept and execute trusts of the character herein set out, with a corporate trust office in Los Angeles, California, as trustee (together with its successors and assigns, the "Trustee").

WITNESSETH:

WHEREAS, pursuant to Section 248 of the City Charter of the City of Los Angeles and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (collectively, the "Law"), and in accordance with Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California (the "Act"), the Issuer is empowered to issue the Bond to finance the acquisition, construction and equipping of multifamily rental housing for persons of low and moderate income; and

WHEREAS, on [____], 2013 the City Council of the Issuer adopted a resolution (the "Resolution") authorizing its issuance of a revenue bond for the purpose of financing the acquisition, construction and equipping of a 48-unit (plus 1 manager's unit) multifamily residential rental project located in the City of Los Angeles at 9425 S. Spring Street (formerly 9402-9422 S. Broadway) (the "Project"); and

WHEREAS, in furtherance of the purposes of the Law, the Act and the Resolution, and as a part of the Issuer's program of financing housing, the Issuer deems it desirable and in keeping with its purposes to issue its Multifamily Housing Revenue Bond (Broadway Villas Seniors Apartments Project) in a single series designated Series 2013B, consisting of three sub-series designated Sub-Series 2013B-1, Sub-Series 2013B-2 and Sub-Series 2013B-3 (together, the "Bond") to fund a loan (the "Loan") to AMCAL Broadway Fund, L.P., a California limited partnership (the "Borrower"), as evidenced by two promissory notes (collectively, the "Note") in order to finance the acquisition, construction and equipping of the Project; and

WHEREAS, under the terms of a Loan Agreement dated as of [____ 1, 2013] (the "Loan Agreement") among the Issuer, U.S. Bank National Association, as "Bondowner Representative" and the Borrower, the Issuer has agreed to make the Loan to the Borrower, and the Borrower has agreed to the repayment of the Loan and has executed or caused to be executed the Mortgage and the Loan Documents (as such terms are hereinafter defined) with respect to the Project to secure, among other things, its payment and other obligations under the Loan Agreement; and

WHEREAS, the execution and delivery of this Indenture and the issuance of the Bond have been in all respects duly and validly authorized by the Issuer; and

WHEREAS, terms not otherwise defined in the recitals or granting clauses hereof shall have the meanings as hereinafter defined; and

WHEREAS, all things necessary to make the Bond, when issued as provided in this Indenture and authenticated by the Trustee, the valid, binding and legal limited obligation of the Issuer according to the import thereof, and to constitute this Indenture a valid contract for the security of the Bond, have been done and performed, and the execution and delivery of this Indenture, and the execution, delivery and issuance of the Bond, subject to the terms hereof, have in all respects been duly authorized;

~~NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS~~
INDENTURE WITNESSETH:

GRANTING CLAUSES

The Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bond by the Holder thereof, in order to secure the payment of the principal of, premium, if any, and interest on the Bond according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bond, does hereby grant, assign, transfer in trust, and pledge to the Trustee, and to its successors in trust, and to them and their assigns, the following:

GRANTING CLAUSE FIRST

All right, title and interest of the Issuer (excluding Unassigned Rights) in and to the Loan Agreement and the Note, including, but not limited to, all sums (including Project Revenues) which the Issuer is entitled to receive from the Borrower pursuant to the Loan Agreement and the Note (but excluding Unassigned Rights), all moneys and investments held in Funds and accounts held by the Trustee under this Indenture (excluding moneys and investments held in the Rebate Fund and rebatable arbitrage required to be deposited in the Rebate Fund and moneys and investments held in the Fee Account of the Revenue Fund), and all other sums required to be deposited in the Funds and accounts in accordance with Article V of this Indenture;

GRANTING CLAUSE SECOND

All the Issuer's right, title and interest in all property mortgaged, pledged and assigned to the Issuer under the Mortgage and the Loan Documents to secure the Bond, all rights, remedies and amounts payable under any guaranty and any and all other property of every name and nature which may from time to time hereafter by delivery or by writing of any kind be subjected to the lien hereof by the Issuer or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same as additional security hereunder subject to the terms hereof; and

GRANTING CLAUSE THIRD

The earnings derived from the investment of any of the foregoing sums (excluding moneys and investments held in the Rebate Fund and rebatable arbitrage required to be deposited in the Rebate Fund) as provided herein.

TO HAVE AND TO HOLD all the same (herein called the "Trust Estate") with all privileges and appurtenances hereby granted and assigned, or agreed or intended so to be, to the Trustee and its successors in trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of the Holder from time to time of the Bond issued under and secured by this Indenture, without privilege, priority or distinction as to the lien or otherwise of any Bond over any other Bond except as otherwise provided herein, all for the uses and purposes and upon the terms, agreements and conditions set forth herein;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or provide fully for payment as herein provided of the principal of the Bond and the interest due or to become due thereon (together with premium, if any), at the time and in the manner set forth in the Bond according to the true intent and meaning thereof, and shall make the payments into the Bond Fund as required hereby or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee sums sufficient for payment of the entire amount due or to become due thereon as herein provided, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then this Indenture and the rights hereby granted shall cease and terminate, except as otherwise provided herein.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that the Bond issued and secured hereunder is to be issued, authenticated and delivered and all payments, revenues, income and funds hereby pledged and assigned, are subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the Holder of the Bond, as follows:

ARTICLE I

DEFINITIONS, EXHIBITS AND GENERAL PROVISIONS

Section 1.01. Definitions. In this Indenture the following terms have the following meanings unless the context hereof clearly requires otherwise, and any other terms defined in the Loan Documents shall have the same meanings when used herein as assigned them in the Loan Documents unless the context or use thereof indicates another or different meaning or intent:

"Act" means Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California, as supplemented and amended as of the Dated Date.

"Act of Bankruptcy" means any of the following events:

(a) The Borrower or the Issuer shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of the Borrower or the Issuer or of all or a substantial part of the property of the Borrower or the Issuer, (ii) commence a voluntary case under the Bankruptcy Code (as now or hereafter in effect) or (iii) file a petition with respect to itself seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or

(b) A proceeding or case shall be commenced without the application or consent of the Borrower or the Issuer, as the case may be, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up or the composition or adjustment of debts of the Borrower or the Issuer, (ii) the appointment of a trustee, receiver, custodian or liquidator of the Borrower or the Issuer or of all or any substantial part of the assets of the Borrower or the Issuer or (iii) similar relief in respect of the Borrower or the Issuer under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts and such proceeding or case shall not be dismissed within 60 days of such filing.

For purposes of this Indenture and the Loan Agreement, an Act of Bankruptcy shall be deemed dismissed only if (A) the petition is dismissed by order of a court of competent jurisdiction and no further rights exist from such order and (B) the Borrower or the Issuer, as the case may be, notifies the Trustee that such a dismissal has occurred.

"Additional Charges" means payments required to be paid by the Borrower to the Trustee or the Issuer pursuant to Section 13.3 of the Loan Agreement.

"Arbitrage Consultant" means any accountant, law firm or consultant experienced in the calculation of arbitrage rebate selected by the Borrower and approved by the Issuer.

"Assignment" means a collateral assignment in recordable form by the Issuer assigning to the Trustee as an assignee all of the Issuer's rights under the Loan Documents (except Unassigned Rights).

"Authorized Attesting Officer" means the City Treasurer, Assistant City Treasurer or Interim City Treasurer of the Issuer, or such other officer or official of the Issuer who, in accordance with the laws of the State, the bylaws or other governing documents of the Issuer, or practice or custom, regularly attests or certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

"Authorized Borrower Representative" means, with respect to the Borrower, any person who, at any time and from time to time, is designated as the Borrower's authorized representative by written certificate furnished to the Issuer, the Bondowner Representative and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower (including any successor or assign) if the Borrower is a general partnership or a limited partnership, any

authorized managing member of the Borrower (including any successor or assign) if the Borrower is a limited liability company, or by any authorized officer of the Borrower (including any successor or assign) if the Borrower is a corporation, which certificate may designate an alternate or alternates, or, in the event that such term shall refer to successors or assigns of the Borrower, any authorized general partner if the successor or assignee is a general partnership or a limited partnership, any authorized managing member if the successor or assignee is a limited liability company, or any authorized officer if the successor or the assignee is a corporation. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it and with the Issuer and the Bondowner Representative a written certificate identifying a different person or persons to act in such capacity.

"Authorized Officer" means the Mayor, the General Manager, any Interim General Manager, the Assistant General Manager or any Interim Assistant General Manager, the Executive Officer or the Director—Major Projects Division of the Los Angeles Housing Department, and any other officer or employee of the Issuer designated to perform a specified act, to sign a specified document or to act generally, on behalf of the Issuer by a written certificate furnished to the Trustee, which certificate is signed by the Mayor, the General Manager or any Interim General Manager, the Assistant General Manager or any Interim Assistant General Manager, or the Director—Major Projects Division of the Los Angeles Housing Department and contains the specimen signature of such other officer or employee of the Issuer.

"Bankruptcy Code" means the United States Bankruptcy Reform Act of 1978, as amended, or any similar or succeeding federal bankruptcy law.

"Basic Payments" means the payments of principal, interest and premium, if any, required to be made by the Borrower pursuant to the Note as calculated by the Bondowner Representative.

"Bond Closing" means the date on which there is delivery by the Issuer of, and payment, of the initial drawdown amount of \$[] with respect to, the Bond.

"Bond Counsel" means (i) Kutak Rock LLP, or (ii) any bond counsel firm experienced in tax-exempt private activity bond financing selected by the Issuer.

"Bond Documents" has the meaning set forth in the Loan Agreement.

"Bond Fund" means the Fund created by Section 5.04 of this Indenture.

"Bond Interest Rate" shall mean, (a) as to all amounts disbursed under the Bond and allocated to Sub-Series 2013B-1 pursuant to the terms of this Indenture, the Sub-Series 2013B-1 Interest Rate (or Default Rate or Taxable Rate, if applicable), (b) as to all amounts disbursed under the Bond and allocated to Sub-Series 2013B-2 pursuant to the terms of this Indenture, the Sub-Series 2013B-2 Interest Rate (or Default Rate or Taxable Rate, if applicable) and (c) as to all amounts disbursed under the Bond and allocated to Sub-Series 2013B-3 pursuant to the terms of this Indenture, the Sub-Series 2013B-3 Interest Rate (or Default Rate or Taxable Rate, if applicable).

"Bond Register" means the bond register maintained by the Bond Registrar pursuant to Section 2.11 of this Indenture.

"Bond Registrar" means Wells Fargo Bank, National Association, and any successor thereto, appointed, qualified and then acting as such under the provisions of this Indenture.

"Bond Year" means the one-year period beginning on December 1 and ending on the next succeeding November 30, provided that the initial Bond Year shall begin on the date upon which the Bond Closing occurs and end on November 30, 2013.

"Bondholder," "Bondowner" and "Holder" each means the person in whose name any Bond is registered in the Bond Register.

"Bondowner Representative" means (a) U.S. Bank National Association or any affiliate thereof (or any successor to U.S. Bank National Association, whether by merger, acquisition of assets or otherwise), so long as U.S. Bank National Association or such affiliate owns the Bond, and (b) if neither U.S. Bank National Association nor any affiliate thereof (or any such successor) owns a majority in principal amount of the Bond, then the majority Bondholder or a person appointed to be the Bondowner Representative by such majority Bondholder.

"Bond" means the Issuer's Multifamily Housing Revenue Bond (Broadway Villas Seniors Apartments Project) Series 2013B issued pursuant to this Indenture.

"Borrower" means AMCAL Broadway Fund, L.P., a California limited partnership, authorized to do business in the State, its permitted successors and assigns, and any surviving, resulting or transferee entity which may assume its obligations under the Loan Documents, in accordance with the Loan Documents.

"Business Day" means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Trustee and the Bond Registrar are located are authorized by law or executive order to close.

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

"Computation Year" means each one year period ending on [_____] [30], 2014 and each anniversary thereof.

"Condemnation" or the phrase *"eminent domain"* as used herein shall include the taking or requisition by Governmental Authority or by a person, firm or corporation acting under governmental authority and a conveyance made under threat of such taking or requisition, and

"Condemnation Award" shall mean payment for property condemned or conveyed under threat of Condemnation.

"Construction Completion Certificate" shall have the meaning contained in the Regulatory Agreement.

"Conversion Date" shall have the meaning set forth in the Loan Agreement.

"Costs of Issuance" means, with respect to the Bond, all expenses incurred in connection with the authorization, sale, issuance and delivery of the Bond, including, without limitation, counsel fees (including Bond Counsel, Trustee's counsel and Issuer's counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bond); Issuer's costs, financial advisory fees and accountant fees related to issuance of the Bond; initial Trustee, Registrar and Paying Agent fees; title insurance fees; survey fees; and recording and filing fees, including any applicable documentary stamp taxes and intangible tax.

"Costs of Issuance Fund" means the fund created by Section 5.10 of this Indenture.

"Dated Date" means the date upon which the Bond Closing occurs.

"Debt Service on the Bond" means the interest amounts and principal amounts payable by the Borrower pursuant to the Loan Agreement and the Note sufficient to pay all principal of, and interest as and when due on, the Bond.

"Default Rate" means [five percent (5%)] per annum in excess of the interest rate borne by the Bond from time to time, but in no case in excess of the Maximum Rate.

"Defeasance Collateral" shall have the meaning set forth in Section 7.01 of this Indenture.

"Determination of Taxability" means either (a) refusal by the Borrower to consent to any amendment or supplement hereto or to the Regulatory Agreement which, in the opinion of Bond Counsel, is necessary or advisable to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes; or (b) any of (i) the enactment of applicable legislation of which the Trustee has actual knowledge, (ii) a final judgment or order of a court of original or appellate jurisdiction of which the Trustee has actual knowledge, (iii) a final ruling or decision of the Internal Revenue Service of which the Trustee has actual knowledge or (iv) the filing with the Trustee of an opinion of Bond Counsel, in each case to the effect that the interest on the Bond (other than interest on the Bond for any period during which the Bond is held by a "substantial user" of any facility financed with the proceeds of the Bond or a "related person," as such terms are used in Section 147(a) of the Code) is includable in the gross incomes of all recipients thereof for federal income tax purposes. With respect to the foregoing, a judgment or order of a court or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal has expired.

"Disbursed Amount" means the portion of the Loan and the Bond funded and Outstanding from time to time, as indicated on the Bond and in the records of the Trustee.

"Discharge Date" means the date on which all Outstanding principal of the Bond is discharged under Article VII of this Indenture.

"Environmental Indemnity Agreement" means that certain Unsecured Environmental Indemnity dated as of [____], 2013, made by Borrower and Guarantor in favor of Issuer, Trustee and the Bondowner Representative.

"Event of Default" means a default as set forth in Article VIII of this Indenture.

"Extraordinary Fees and Expenses" means all fees and expenses charged or incurred by the Trustee under this Indenture or the Loan Agreement, other than Ordinary Fees and Expenses.

"Facility" means the buildings and improvements located on the Project Premises as they may now or from time to time exist.

"Fixed Rate Commencement Date" shall have the meaning set forth in Note A.

"Floating Rate" means: (a) as to the portion of the Bond evidenced by Note A and Note B Note, the interest rate applicable to the Bond prior to the Fixed Rate Commencement Date; and (b) as to the portion of the Bond evidenced by the Note C, a rate equal to the product of (i) LIBOR (as defined in Note A) in effect from time to time, determined as specified in each Note, [plus 3%], multiplied by (ii) [____], but in no case exceeding the Maximum Rate. The Floating Rate shall be rounded upwards to the nearest 1/100th of one percent.

"Funds" means, collectively, the Revenue Fund, the Bond Fund, the Project Fund, the Rebate Fund and the Costs of Issuance Fund.

"General Partner" means, collectively, the managing general partner of the Borrower, [Foundation for Affordable Housing II, Inc.] a California nonprofit public benefit corporation, and any successor or assign as managing general partner, [and the administrative general partner of the Borrower, AMCAL Multi-Housing, Inc., a California corporation and any successor or assign as administrative general partner] and each other Person who now or hereafter owns a general partnership interest in the Borrower.

"Governmental Authority" means any government, municipality or political subdivision thereof; any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body; any court, administrative tribunal or public utility; or any central bank or comparable authority.

"Guarantor" means collectively, AMCAL Multi-Housing, Inc., a California corporation, AMCAL Enterprises, Inc., a California corporation and AMCAL General Contractor, Inc., a California corporation.

"Guaranty" means that Repayment and Completion Guaranty by Guarantor.

"Holder," "Bondholder" or "Bondowner" and each means the person in whose name any Bond is registered in the Bond Register.

"Indenture" means this Indenture of Trust by and among the Issuer, the Bondowner Representative and the Trustee, as the same may from time to time be amended or supplemented as herein provided.

"Independent Accountant" means a certified public accountant or firm of certified public accountants registered and qualified to practice as such under the laws of the State, and not employed by the Issuer or the Borrower, except to perform independent audits of the books and records of either or both of them or other similar periodic reviews and to perform other independent services.

"Independent Counsel" means any attorney acceptable to the Bondowner Representative, duly admitted to practice law before the highest court of any state or of the District of Columbia, who may be counsel to the Issuer but who may not be an officer or an employee of the Issuer.

"Intercreditor Agreement" means that Intercreditor Agreement dated as of the date hereof between the Bondholder Representative and the City of Los Angeles and acknowledged by the Borrower, as amended and supplemented from time to time.

"Investor Limited Partner" means [Enterprise Investor Entity] a [State][form of business] company, and its successors and assigns.

"Investor's Letter" means a letter in the form of Exhibit C to this Indenture executed by the initial Bondholder and any subsequent transferee of the Bond pursuant to Sections 2.11 and 2.15 of this Indenture.

"Issuer" means the City of Los Angeles, a municipal corporation and charter city of the State of California and its successors and assigns.

"Issuer's Fee" means the amount set forth in Section 7(n) of the Regulatory Agreement.

"Law" means Section 248 of the City Charter of the City and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as supplemented and amended to the Dated Date.

"Loan" means the loan of sale proceeds of the Bond by the Issuer to the Borrower described in the Loan Agreement.

"Loan Agreement" means the Loan Agreement with respect to the Loan dated as of [_____] 1, 2013] among the Issuer, the Bondowner Representative and the Borrower, as the same may from time to time be amended or supplemented as provided therein and in this Indenture.

"Loan Documents" has the meaning set forth in the Loan Agreement.

"Mandatory Conversion Date" means the Termination Date.

"Maturity Date" means the date[s] set forth on the cover of the bond certificate attached hereto as Exhibit B.

"*Maximum Rate*" means the lesser of (i) 12% per annum or (ii) the maximum rate allowed by applicable law, if any.

"*Mortgage*" means the Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date herewith, from the Borrower as trustor, to Lawyers Title Insurance Company, as trustee for the benefit of the Issuer (as assigned by the Issuer to the Trustee) with respect to the Project, as the same may from time to time be replaced, amended or supplemented as provided therein and in this Indenture.

"*Mortgage Default*" means the occurrence and continuance of a default under the Mortgage.

"*Mortgaged Property*" means the properties, real, personal or mixed, described in the Granting Clauses of the Mortgage, as they may at any time exist.

"*Mortgagee*" means, collectively, the Trustee (and any co-trustee or successor trustee appointed, qualified and acting as such under this Indenture), as beneficiary under the Mortgage.

"*Note*" or "*Notes*" means, collectively, Note A, Note B and Note C.

"*Note A*" means that Promissory Note dated as of [____], 2013 by the Borrower in favor of the Issuer in the principal amount of \$[____].

"*Note A Fixed Rate*" shall mean the "Fixed Rate" as established in Note A.

"*Note B*" means that Promissory Note dated as of [____], 2013 by the Borrower in favor of the Issuer in the principal amount of \$[____].

"*Note B Fixed Rate*" shall mean the "Fixed Rate" as established in Note B.

"*Note C*" means that Promissory Note dated as of [____], 2013 by the Borrower in favor of the Issuer in the principal amount of \$[____].

"*Ordinary Fees and Expenses*" means the fees and expenses charged or incurred by the Trustee in the fulfillment of its obligations hereunder which are reimbursable to the Trustee from the Trust Estate in an aggregate annual amount equal to [____]% of the then Outstanding principal amount of the Bond, with \$[1,500] minimum annual fee, payable semiannually in arrears on each Payment Date, commencing [____] 1, 2013.

"*Outstanding Bond*" or "*Bond Outstanding*" means, as of the date of determination, the aggregate principal amount of the Bond theretofore issued and delivered under this Indenture except:

(a) any portion of the Bond theretofore canceled by the Trustee or Paying Agent or delivered to the Trustee or Paying Agent for cancellation;

(b) any portion of the Bond for which payment or redemption moneys or securities (as provided in Article VII) shall have been theretofore deposited with the

Trustee or Paying Agent in trust for the Holder of the Bond; provided, however, that if such portion of the Bond is to be redeemed, notice of such redemption shall have been duly given pursuant to this Indenture or irrevocable action shall have been taken to call such Bond for redemption at a stated redemption date; and

(c) any Bond in exchange for or in lieu of which another Bond shall have been issued and delivered pursuant to Section 2.07 or other provisions of this Indenture.

"Partnership Agreement" has the meaning given that term in the Loan Agreement.

"Paying Agent" means the Bond Registrar, the Trustee or any other entity designated pursuant to this Indenture as the agent of the Issuer to receive and disburse the principal of, premium, if any, and interest on the Bond.

"Payment Date" means the first day of each month, commencing [] 1, 2013.

"Permitted Encumbrances" has the meaning assigned to such term in the Loan Agreement.

"Permitted Investments" means:

(a) To the extent permitted by applicable law, any of the following investments, provided that, except for investment agreements, investments permitted under Article VII hereof and investments approved by the Bondowner Representative, none shall have a term in excess of one year:

(i) certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest;

(ii) investments in any of the following obligations, provided such obligations are backed by the full faith and credit of the United States: (A) direct obligations or fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States, (B) debentures of the Federal Housing Administration, (C) guaranteed mortgage-backed bonds of the Government National Mortgage Association, (D) certificates of beneficial interest of the Farmers Home Administration, (E) obligations of the Federal Financing Bank, (F) project notes and local authority bonds of the United States Department of Housing and Urban Development or (G) obligations of the Private Export Funding Corp.;

(iii) investments in (A) senior obligations of the Federal Home Loan Bank System, (B) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (C) mortgage-backed securities and senior debt obligations (excluding stripped mortgage securities that are valued greater than par on the portion of the unpaid principal) of Fannie Mae or (D) senior debt obligations of the Student Loan Marketing Association;

(iv) repurchase agreements with primary dealers and/or banks rated "A" or better by the Rating Agency collateralized with the obligations described in paragraph (i) or (ii) above held by a third-party custodian, at levels set forth in paragraph (b) below;

(v) money market mutual funds that invest primarily in debt obligations issued by the United States corporations and repurchase agreements backed by those obligations, including funds for which the Trustee or an affiliate of the Trustee acts as an advisor, and rated in the highest category by the Rating Agency;

(vi) certificates of deposit of any bank (including the Trustee or an affiliate), trust company or savings and loan association (including the Bondowner Representative) whose short-term obligations are rated "A-1" or better by the Rating Agency provided that such certificates of deposit are fully secured by the obligations described in paragraph (i) or (ii) above, at the levels set forth in paragraph (b) below, the Trustee has a perfected first security interest in the obligations securing the certificates and the Trustee holds (or shall have the option to appoint a bank, trust company or savings and loan association as its agent to hold) the obligations securing the certificates;

(vii) certificates of deposit of any bank (including the Trustee or an affiliate), trust company or savings and loan association (including the Bondowner Representative) which certificates are fully insured by the Federal Deposit Insurance Corporation;

(viii) commercial paper rated at the time of investment "A-1+" or better by the Rating Agency;

(ix) obligations of, or obligations fully guaranteed by, any state of the United States of America or any political subdivision thereof which obligations are rated by the Rating Agency in the highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise and without regard to credit enhancement) assigned by such rating agency to obligations of that nature; and

(x) investment agreements approved in writing by the Bondowner Representative.

(b) Collateral Percentage Levels of United States Government Securities for Repurchase Agreements and Bank Certificates of Deposit.

Remaining Maturity

Frequency of Valuation	1 year or less	5 years or less	10 years or less	15 years or less	30 years or less
Daily	102	105	106	107	113
Weekly	103	110	111	113	118
Monthly	106	116	119	123	130
Quarterly	106	118	128	130	135

Further Requirements:

(xi) on each valuation date, the market value of the collateral shall be in an amount equal to the indicated collateral percentage of the obligation (including unpaid accrued interest) that is being secured;

(xii) in the event the collateral level is below its required collateral percentage on a valuation date, such percentage shall be restored within the following restoration periods: one Business Day for daily valuations, two Business Days for weekly valuations and one month for monthly and quarterly valuations. The use of different restoration periods affects the requisite collateral percentage;

(xiii) the Trustee is hereby required to terminate the repurchase agreement upon a failure to maintain the requisite collateral percentage after the restoration period and, if not paid by the counterparty in federal funds against transfer of the repurchase agreement, to liquidate the collateral; and

(xiv) collateral for all repurchase agreements must be held by third parties.

"Plans" has the meaning given that term in the Loan Agreement.

"Principal Corporate Trust Office" means the corporate trust office of the Trustee at MAC# E2818-176, 707 Wilshire Blvd., 17th Floor, Los Angeles, California 90017, Attention: Corporate Trust Services, or such other office designated by the Trustee from time to time.

"Proceeds" means the proceeds of any insurance recovery or condemnation award (or payment in lieu of condemnation) less amounts reimbursed to the Trustee and the Issuer for expenses incurred in connection therewith.

"Project" means the Project Premises, the Facility and any and all Project Equipment located on or used in connection with the Project Premises.

"Project Debt Service" means all scheduled debt service on the Bond during the relevant period, including all interest and scheduled principal payments.

"Project Engineer" means an engineer retained by the Bondowner Representative to provide consulting services to the Bondowner Representative with respect to the Project.

"Project Equipment" means the property described as "Personal Property" in the Mortgage.

"Project Fund" means the fund created under Section 5.02 of this Indenture, which includes a Bond Proceeds Account and an Equity Account therein.

"Project Premises" means the real property described in Exhibit A to the Loan Agreement, together with the other property and interests in real property described in the Mortgage as the "Real Property."

"Project Revenues" means all gross revenues and receipts derived by the Borrower from the operation of the Project during the period in question, including tenant rents and all other moneys as may be paid to or on behalf of the Borrower or to which the Borrower may be entitled with respect to this Project, excluding securities deposits but including earnings on the foregoing.

"Qualified Project Costs" has the meaning set forth in the Regulatory Agreement.

"Qualified Project Period" shall have the meaning set forth in the Regulatory Agreement.

"Rating Agency" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"Rebate Fund" means the fund so designated in Section 5.07 of this Indenture.

"Rebate Requirement" or *"Rebate Amount"* shall mean the amount of rebatable arbitrage computed for payment as of the last day of every fifth Computation Year pursuant to Treasury Regulation Section 1.148-2 or any successor regulation as may be applicable thereto; provided, however, that an opinion of Bond Counsel to the effect that no money held under the Indenture is subject to rebate shall be accepted by the Issuer and the Trustee as a substitute for such calculation.

"Record Date" means with respect to any Payment Date, (a) the fifteenth day of the month (whether or not a Business Day) next preceding such Payment Date or (b) if there is a default in payment of interest due on such Payment Date, a special Record Date for the payment of such defaulted interest shall be established by the Trustee by notice mailed by the Trustee (such notice shall be mailed not less than 15 days preceding the applicable special Record Date to the Holder as set forth on the bond register of the Trustee as Registrar at the close of business on the fifth Business Day preceding the date of mailing).

"Regulatory Agreement" means, that Regulatory Agreement and Declaration of Restrictive Covenants dated as of [____ 1, 2013] among the Borrower, the Issuer and the Trustee, together with any amendments and supplements thereto.

"Related Person" means a "related person" within the meaning of Section 147(a)(2) of the Code.

"Replacement Reserve Agreement" means that certain Replacement Reserve and Security Agreement executed by the Borrower in favor of the Issuer and the Bondowner Representative dated as of [____], 2013.

"Representative" means any Authorized Officer or Authorized Borrower Representative as the case may be.

"Responsible Agent" means any person duly authorized and designated by the Trustee, the Bond Registrar and the Paying Agent to act on its behalf in carrying out the applicable duties and powers of such entity as set forth in this Indenture; any action required by the Trustee, the Bond Registrar and the Paying Agent under this Indenture may be taken by a Responsible Agent.

"Revenue Fund" means the fund created by Section 5.03 of this Indenture.

"Security Documents" has the meaning assigned to such term in the Loan Agreement.

"State" means the State of California.

"Sub-Series 2013B-1 Interest Rate" shall mean, at all times prior to the Fixed Rate Commencement Date, the Floating Rate, and from and after the Fixed Rate Commencement Date, the Note A Fixed Rate.

"Sub-Series 2013B-2 Interest Rate" shall mean, at all times prior to the Fixed Rate Commencement Date, the Floating Rate, and from and after the Fixed Rate Commencement Date, the Note B Fixed Rate.

"Sub-Series 2013B-3 Interest Rate" shall mean the Floating Rate.

"Tax Certificate" means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, dated as of the Dated Date and executed by the Issuer and the Borrower.

"Tax Credits" means the low income housing tax credits allocated to the Project pursuant to Section 42 of the Code.

"Taxable Rate" shall mean a rate equal to the Wells Fargo Bank, National Association's "Prime Rate" in effect from time to time, plus [2%], but in no event exceeding the Maximum Rate.

"Termination Date" has the meaning set forth in Note A.

"Treasury" means the United States Department of the Treasury, and any successor to its functions.

"Treasury Regulations" means all proposed, temporary or final federal income tax regulations issued or amended with respect to the Code by the Treasury or Internal Revenue Service.

"Trustee" means Wells Fargo Bank, National Association, and any co-trustee or successor trustee appointed, qualified and then acting as such under the provisions of this Indenture.

"Trust Estate" means the Trust Estate as defined and set forth in the Granting Clauses hereof.

"Unassigned Rights" means the Issuer's rights to enforce and receive payments of money directly and for its own purposes including payments of the Issuer's Fee and payments under Sections 13.2 and 13.3 of the Loan Agreement; the Issuer's rights to indemnification, to receive notices and reports and its rights to consent as set forth in the Loan Agreement; and the Issuer's rights under and relating to payment of costs and expenses, the grant of approvals and consents and enforcement as described in the Regulatory Agreement.

Section 1.02. Rules of Interpretation.

(a) This Indenture shall be governed by and construed in accordance with the laws and judicial decisions of the State, except as they may be preempted by federal rules, regulations and laws applicable to the Issuer.

(b) The words "herein" and "hereof" and "hereunder" and words of similar import, without reference to any particular section or subdivision, refer to this Indenture as a whole rather than to any particular section or subdivision of this Indenture.

(c) References in this Indenture to any particular article, section or subdivision hereof are to the designated article, section or subdivision of this Indenture as originally executed.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; and all computations provided for herein shall be made in accordance with generally accepted accounting principles consistently applied and applied on the same basis as in prior years.

(e) The Table of Contents and titles of articles and sections herein are for convenience of reference only and are not a part of this Indenture and shall not deny or limit the provisions hereof.

(f) Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa.

(g) Articles, sections, subsections and clauses mentioned by number only are those so numbered which are contained in this Indenture.

(h) Any opinion of counsel called for herein shall be a written opinion of such counsel.

(i) References to the Bond as "tax-exempt" or to the "tax-exempt status of the Bond" are to the exclusion of interest on the Bond from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

ARTICLE II

THE BOND

Section 2.01. Authorized Amount and Form of Bond. The Bond secured by this Indenture shall be issued in fully registered form without coupons and in substantially the form set forth herein with such appropriate variations, omissions and insertions as are permitted or required by this Indenture, and in accordance with the further provisions of this Article II. The aggregate principal amount of the Bond that shall be initially issued hereunder shall be \$[____], subject to funding over time, as provided herein, unless a replacement Bond is issued as provided in Section 2.07. The Bond, together with the Certificate of Authentication, the form of Assignment, the principal log and the registration information thereon, shall be in substantially the form found at Exhibit B.

Section 2.02. Issuance of Bond. The Bond shall:

- (a) be dated as of the Dated Date;
- (b) be initially issued and delivered as a single fully registered Bond without coupons consisting of three sub-series;
- (c) be initially issued in a single series designated as the Series 2013B Bond consisting of three sub-series designated as the Sub-Series 2013B-1, Sub-Series 2013B-2 and Sub-Series 2013B-3, with all advances of purchase price thereof being designated first to the Sub-Series B-1 until \$[____] of the Bond has been funded, next to the Sub-Series B-2 until and additional \$[____] of the Bond has been funded and finally to Sub-Series B-3 up to an additional \$[____] of principal of the Bond has been funded;
- (d) be lettered "R" and numbered consecutively from 1 upwards in chronological order of date of delivery;
- (e) mature on the [respective] Maturity Date;
- (f) bear interest on the Disbursed Amount from time to time at the rate or rates equal to the interest rate or rates in effect from time to time at the applicable Bond Interest Rate for the applicable sub-series of the Bond (or, the Taxable Rate or Default Rate, as herein provided), payable monthly in arrears on the first day of each month, such interest to accrue from the Dated Date, or, in the case of transfer or exchange, from the most recent Payment Date to which interest has been paid or provided for under this Indenture; if a payment of defaulted interest is to be made, the Trustee shall establish the time of such payment and shall establish the associated special Record Date therefor as provided in the definition of "Record Date".

(g) be payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the Principal Corporate Trust Office of the Trustee or Paying Agent, provided that unless otherwise notified by the Bondowner Representative in writing, payments of principal and interest shall be paid to the Holder of such Bond on the applicable Record Date (the "Record Date Holder" as defined in the form of Bond set forth in Exhibit B hereto) via wire transfer in immediately available funds to a designated bank account maintained by the Holder at any bank in the United States, such instructions to be delivered not less than 15 days before the Payment Date. The Trustee shall pay all amounts payable by the Trustee hereunder to such Holder by transfer directly to said designated bank in accordance with the provisions of any such instrument. At the written request of the Bondowner Representative (delivered not less than 15 days before the Payment Date) payments of principal and interest on the Bond will be payable by check mailed on the applicable Payment Date by first class mail by the Trustee to the Record Date Holder of such Bond on the applicable Record Date at the last addresses thereof as shown in the Bond Register on the applicable Record Date, and principal of and any premium on the Bond shall be payable at the Principal Corporate Trust Office of the Trustee;

(h) be subject to redemption upon the terms and conditions and at the redemption prices specified in Article III hereof;

(i) accrue interest on the Disbursed Amount from time to time calculated on the basis of a 360-day year (and the actual number of days elapsed), at the applicable interest rate.

Notwithstanding anything contained herein to the contrary, during any period of time that the Note bears interest at the Default Rate, the Bond shall also bear interest at the Default Rate, and at any time that the Note bears interest at a Taxable Rate, the Bond shall bear interest at a Taxable Rate.

Notwithstanding the foregoing, if the date for payment of the principal of, premium, if any, or interest on the Bond shall be a day which is not a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such later date shall have the same force and effect as if made on the nominal date for payment. Furthermore, the Trustee shall, in all circumstances, pass through to the Bondowner (on a pro rata basis), as soon as practicable following receipt by the Trustee, all amounts received by the Trustee in payment of the principal of, premium, if any, and interest on the Bond.

All payments so made by the Trustee in accordance with this Indenture, shall be valid and effective to satisfy and discharge the liability of the Issuer to make corresponding payments upon the Bond. Notwithstanding the foregoing, all payments of the principal of, premium, if any, and interest on the Bond payable on the Maturity Date or any date of redemption in whole shall only be payable upon presentation of the Bond at the Principal Corporate Trust Office of the Trustee so as to permit an appropriate notation to be made on Schedule A thereto. The Bondholder may instruct the Trustee to hold the Bond on behalf of the Bondholder to facilitate payments pursuant hereto.

Notwithstanding the foregoing, the Borrower shall, unless otherwise directed by the Bondowner Representative, make payments of principal of and interest on the Bond directly to the Trustee.

Section 2.03. Execution. The Bond shall be executed on behalf of the Issuer by the manual or facsimile signature of its Mayor and the Authorized Attesting Officer and attested by the manual or facsimile signature of its Authorized Attesting Officer under the official seal, or a facsimile of the seal, of the Issuer (whether affixed, imprinted, impressed, engraved or otherwise reproduced). Any facsimile signatures shall have the same force and effect as if the Mayor and the Authorized Attesting Officer had manually signed and attested the Bond. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until delivery. Any reproduction of the official seal of the Issuer on any Bond shall have the same force and effect as if the official seal of the Issuer had been manually impressed on such Bond.

Section 2.04. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless a certificate of authentication on such Bond, substantially in the form set forth in Exhibit B hereto, shall have been manually executed by the Bond Registrar. Certificates of authentication on different Bond need not be signed by the same person. The Bond Registrar shall authenticate each Bond by execution of the certificate of authentication on the Bond; and the certificate of authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Indenture.

Section 2.05. Conditions Precedent to Delivery of Initial Bond. Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Bond Registrar, and the Bond Registrar shall authenticate, the initial Bond and shall deliver the initial Bond to or upon the order of the initial purchaser thereof at such time or times as may be directed by the Issuer after the Trustee has received the following:

- (a) original executed counterparts of the Loan Agreement and this Indenture;
- (b) copies of UCC financing statements and original executed counterparts of the Mortgage and the Regulatory Agreement, together with written evidence of provision for recording of the Regulatory Agreement (which may be via written instructions acknowledged by the title company or other party responsible for recordation);
- (c) [reserved];
- (d) original executed copies of the Assignment, together with evidence of recordation;
- (e) original executed counterparts of all Loan Documents not specifically referred to in subsections 2.05(a) and 2.05(b) above;

(f) a copy of the Resolution adopted by the governing body of the Issuer, authorizing the execution and delivery of this Indenture and the Loan Agreement and issuance of the Bond;

(g) a request and authorization to the Trustee on behalf of the Issuer, signed by an Authorized Officer, to deliver the Bond to the purchaser identified upon payment to the Trustee for the account of the Issuer of a specified sum;

(h) the opinion of counsel to the Borrower in the form required by the Issuer and counsel to the Bondowner Representative, addressed to the Issuer, the Trustee and the Bondowner Representative;

(i) the opinion of counsel to the Issuer, in the form required by the Issuer, addressed to the Issuer, the Trustee and the Bondowner Representative;

(j) the opinion of Bond Counsel, addressed to the Issuer, Trustee and the Bondowner Representative, to the effect that (i) the Bond is a valid obligation of the Issuer and (ii) interest on the Bond is excludable from gross income of the owner thereof for federal income tax purposes and is exempt from personal income taxes of the State;

(k) [reserved];

(l) [reserved];

(m) an original of an Investor's Letter in the form of Exhibit C, executed by the Bondowner Representative and addressed to the Trustee and the Issuer;

(n) receipt by the Trustee from the Bondowner Representative of the sum of \$[] as the initial purchase price of the Bond for deposit in the Bond Proceeds Account of the Project Fund; and

(o) any other documents or opinions which the Issuer or Bond Counsel may reasonably require.

Furthermore, without limitation upon any other condition to disbursement, no funds shall be disbursed to the Borrower from the Project Fund until the Trustee has received;

(1) provisions have been made for the recordation of the Regulatory Agreement in the Official Records of Los Angeles, California as required by subsection 5.02(b) hereof;

(2) a commitment by a title company, in form and content approved in writing by the Bondowner Representative, to issue a title insurance policy approved by the Bondowner Representative; and

(3) a copy of the instruction letter delivered to and accepted by the title company in connection with the closing of the Bond consented to in writing by the Bondowner Representative.

Section 2.06. Drawdown Bond Provisions. The Bondowner shall fund the purchase price of the Bond from time to time either directly by funding advances under the Loan pursuant to and in accordance with the Loan Agreement or by providing funds for deposit in the Bond Proceeds Account of the Project Fund for the payment of requisitions therefrom, with the Bondowner Representative noting to the Trustee in writing in connection with each advance under which Note such advance is made. Funded amounts shall be noted on the principal log attached to the Bond and acknowledged thereon by the Trustee. Such principal log may be maintained by the Trustee in the record keeping systems for bond issues utilized by the Trustee. Such amounts shall constitute Disbursed Amounts, and shall begin to accrue interest, upon deposit by the Bondowner Representative into the Bond Proceeds Account of the Project Fund. Notwithstanding anything herein to the contrary, to ensure compliance with provisions of the Code, the aggregate purchase price of the Bond funded by the Bondowner may not exceed \$[] and no additional amounts may be funded after December 31, 2016. The Trustee shall, on each [March] 1 and [September] 1, commencing [March] 1, 2014, report to the Issuer the principal amount of the Bond Outstanding as of such date.

Section 2.07. Mutilated, Lost or Destroyed Bond. In case any Bond issued hereunder shall become mutilated or be destroyed or lost, the Issuer shall, if not then prohibited by law, cause to be executed, and the Bond Registrar shall authenticate and deliver, a new Bond of like amount, Maturity Date and tenor, but bearing a number not contemporaneously Outstanding, in exchange and substitution for and upon cancellation of any such mutilated Bond, or in lieu of and in substitution for any such Bond destroyed or lost, upon the Holder's paying the reasonable expenses and charges of the Bond Registrar and the Issuer and, in the case of a Bond destroyed or lost, the Holder's filing with the Bond Registrar of evidence satisfactory to the Bond Registrar and the Trustee that such Bond was destroyed or lost, and of the Holder's ownership thereof, and furnishing the Issuer, the Trustee and the Bond Registrar with indemnity satisfactory to them. If the mutilated, destroyed or lost Bond has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Bond prior to payment.

Section 2.08. [Reserved].

Section 2.09. Ownership of Bond. The Issuer, the Trustee, the Bond Registrar and the Paying Agent may deem and treat the Holder of any Bond, whether or not such Bond shall be overdue, as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes whatsoever, and the Issuer (or any agent thereof), the Trustee, the Bond Registrar and the Paying Agent shall not be affected by any notice to the contrary.

Section 2.10. [Reserved].

Section 2.11. Registration, Transfer and Exchange of Registered Bond.

(a) The Trustee shall, at the expense of the Borrower, authenticate a fully registered Bond, shall cause to be kept at the Principal Corporate Trust Office of the Bond Registrar a Bond Register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Trustee shall provide for the registration of each Bond and the registration of transfers of each Bond. The Bond Register shall contain a record of every Bond, including bond number and principal amount at any time authenticated

hereunder, together with the name and address of the Holder thereof, the date of authentication, the date of transfer or payment, and such other matters as are appropriate for the Bond Register in the estimation of the Bond Registrar and the Trustee.

(b) The transfer of each Bond is subject to registration by the Holder thereof only upon compliance with the conditions for registration of transfer imposed on the Holder under this Section 2.11 and under Section 2.15 hereof. Upon surrender of such Bond at the Principal Corporate Trust Office of the Bond Registrar, the Issuer shall execute (if necessary), and the Bond Registrar shall authenticate and deliver, in the name of the designated transferee or transferees (but not registered in blank or to "bearer" or a similar designation), a new Bond of any authorized denomination or denominations of a like aggregate principal amount, having the same stated maturity, tenor and interest rate.

(c) At the option of the Holder, the Bond may be exchanged for another Bond of like aggregate principal amount, tenor, and stated maturity, upon surrender of the Bond to be exchanged at the Principal Corporate Trust Office of the Bond Registrar, and upon payment, if the Issuer shall so require, of the taxes, if any, hereinafter referred to. Whenever a Bond is so surrendered for exchange, the Issuer shall execute (if necessary), and the Bond Registrar shall authenticate and deliver, the Bond which the Holder making the exchange is entitled to receive.

(d) Each Bond delivered in exchange for or upon transfer of a Bond shall be a valid special obligation of the Issuer evidencing the same debt, and entitled to the same benefits under this Indenture, as the Bond surrendered for such exchange or transfer.

(e) Registration of the transfer of each Bond may be made on the Bond Register by the Holder in person or by the Holder's attorney duly authorized in writing. Each Bond presented or surrendered for registration of transfer or exchange shall (i) be accompanied by evidence of compliance with the provisions of Section 2.15 of this Indenture, (ii) be duly endorsed or be accompanied by a written instrument or instruments of transfer, in the form printed on the Bond or in another form satisfactory to the Bond Registrar, duly executed and with guaranty of signature of the Holder thereof or his, her or its attorney duly authorized in writing and (iii) include written instructions as to the details of the transfer of the Bond.

(f) No service charge shall be made to the Holder for any registration, transfer or exchange, but the Bond Registrar and the Issuer may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of the Bond, other than exchanges expressly provided in this Indenture to be made without expense or without charge to Bondholder, and any legal or unusual costs of transfers and lost bonds.

(g) The Bond Registrar shall not be required (i) to transfer or exchange a Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption or purchase of the Bond under this Indenture and ending at the close of business on the day of such mailing or (ii) to transfer or exchange the Bond so selected for redemption or purchase in whole or in part.

Section 2.12. Nonpresentment of the Bond. In the event any Bond shall not be presented for payment when the principal hereof becomes due, if funds sufficient to pay such Bond shall have been paid to the Trustee (or the Paying Agent, if any) for the benefit of the registered owner thereof, all liability of the Issuer to the registered owner thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee or other Paying Agent to hold such fund or funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond. Any moneys still held by the Trustee (or other Paying Agent, if any) after two years from the date on which the Bond with respect to such amount was paid to the Trustee or other Paying Agent, shall, if and to the extent permitted by law, be paid to the Issuer and shall be discharged from the trust and all liability of the Paying Agent or Trustee with respect to such funds shall cease; the owner of such Bond shall thereafter be entitled to look only to the Issuer for payment, and the Issuer shall not be liable for any interest thereon.

Section 2.13. [Reserved].

Section 2.14. Destruction of Bond. Whenever any Outstanding Bond shall be delivered to the Bond Registrar or the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 2.07 or transfer pursuant to Section 2.11, such Bond shall be canceled and destroyed by the Bond Registrar or the Trustee, as the case may be, and counterparts of a certificate of cancellation evidencing such cancellation shall be furnished by the Bond Registrar, or the Trustee, as the case may be, to the Issuer, the Bond Registrar and, if appropriate, the Trustee.

Section 2.15. Restrictions on Transfer. Any Bond may be transferred, only in whole (unless otherwise approved in writing by the Issuer), to a new Bondholder only upon receipt by the Bond Registrar, the Issuer and the Trustee of evidence that the Bond is being transferred to a "qualified institutional buyer" (as defined in Rule 144A promulgated under the Securities Act of 1933). The Bond Registrar shall not register any transfer or exchange of the Bond unless such Bondholder's prospective transferee delivers to the Trustee an investor's letter substantially in the form set forth in Exhibit C to this Indenture and obtains the written consent of the Issuer to such transfer. The Trustee shall be entitled to rely, without any further inquiry, on any investor's letter delivered to it and shall be fully protected in registering any transfer or exchange of the Bond in reliance on any such investor's letter which appears on its face to be correct and of which the Trustee has no actual knowledge otherwise. Any such Holder desiring to effect such transfer shall agree to indemnify the Issuer and the Trustee from and against any and all liability, cost or expense (including attorneys' fees) that may result if the transfer is not so exempt or is not made in accordance with such federal and state laws. Notwithstanding anything to the contrary herein, the Holder shall not transfer or sell any Bond or any interest therein to a party related to or affiliated with the Borrower, the General Partner or the Investor Limited Partner without the prior written consent of the Issuer.

ARTICLE III

REDEMPTION OF THE BOND BEFORE MATURITY

Section 3.01. Redemption Provisions. Subject to the provisions of Sections 3.02 and 3.04, the Bond, or a portion thereof, are subject to redemption as follows:

(a) ***Extraordinary Redemption.***

(i) The Bond is subject to mandatory redemption, in whole or in part, on any Business Day, in the event and to the extent of funds received from the Borrower representing a mandatory prepayment of principal under the Note, at a redemption price equal to the principal amount thereof plus accrued interest and plus any premium remitted therewith as required by the Note.

(ii) The Bond is subject to redemption in whole, on any Business Day, in the event the Trustee receives written notice from the Issuer or the Bondowner Representative of a Determination of Taxability, at a redemption price equal to the principal amount thereof, plus accrued interest thereon.

(b) ***Optional Redemption.*** The Bond is subject to redemption at the option of the Borrower, in whole or in part, as and to the extent permitted by the Note, on the first day of any month, in the event and to the extent of funds received from the Borrower representing an optional prepayment of principal, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date and plus any premium remitted therewith as required by the Note, with the Borrower designating in writing to the Trustee the sub-series of the Bond to which such optional prepayment shall be applied.

(c) ***Mandatory Sinking Fund Redemption.*** Sub-series 2013B-1 and Sub-series 2013B-2 of the Bond shall be subject to mandatory sinking fund redemption, on the first day of each month commencing on the first day of the month next following the Fixed Rate Commencement Date in an amount equal to the principal amortization of the Loan paid as a scheduled payment on both Note A and Note B at a redemption price equal to the principal amount of Bond redeemed plus accrued but unpaid interest to the redemption date.

(d) ***Mandatory Redemption on Conversion Date.*** [Sub-series 2013B-3] of the Bond shall be redeemed in part on the Conversion Date in the amount of \$[5,979,629] or such greater or lesser amount as may be directed by the Bondowner Representative by written notice to the Issuer and the Trustee, at a redemption price equal to the principal amount of the Bond redeemed plus accrued but unpaid interest to the redemption date.

(e) ***[Reserved].***

(f) ***Mandatory Redemption Due to Failure To Convert.*** If the Conversion Date does not occur prior to the Mandatory Conversion Date (as the same may be extended in accordance with the provisions of the Loan Agreement), the Bond shall be

redeemed in whole on the Mandatory Conversion Date at a redemption price equal to the entire principal amount of the Bond plus accrued but unpaid interest to the redemption date and any prepayment premium specified by the Note. For purposes of ensuring compliance with the provisions of the Code, in no event shall the Mandatory Conversion Date be extended to a date later than [] 1, [2016].

(g) **Mandatory Redemption Upon Loan Agreement or Other Loan Document Default.** The Bond is subject to mandatory redemption in whole upon the occurrence of an event of default under the Loan Agreement or any other Loan Document (subject to all applicable notice and cure provisions contained therein), at the written direction of the Bondowner Representative, at a redemption price equal to the principal amount of the Bond then Outstanding, plus accrued interest thereon to the date of redemption plus any prepayment premium contained in the Note.

If the Bond or any portion thereof is redeemed in part pursuant to subsection 3.01(a)(i) or 3.01(b) above and not applied as a credit against any redemption of the Bond pursuant to the above-referenced mandatory sinking fund redemption schedule, the Trustee shall apply the principal amount of the Bond redeemed or purchased and canceled for credit against the principal installments to be paid pursuant to the mandatory sinking fund redemption schedule in such manner as the Bondowner Representative determines so as to as nearly as possible maintain level principal and interest payments on the Bond to the Maturity Date.

Section 3.02. Notice of Redemption. To affect the redemption of the Bond or a portion thereof under Section 3.01, the Trustee shall promptly give notice within the time, in the manner and with the effect provided by this Section 3.02. No advance notice of redemption shall be required. Notice of redemption shall be provided to the Bondowner immediately upon receipt by the Trustee of funds to be used for such redemption except in the case of a redemption pursuant to subsection 3.01(a)(ii) or 3.01(g), in which case notice of redemption shall be given upon the occurrence of a Determination of Taxability or receipt by the Trustee from the Bondowner Representative of written notice of a continuing default under the Loan Agreement, the Mortgage or any other Loan Document, as appropriate. No defect in or failure to give notice shall affect the validity of the proceedings for redemption of the Bond. Such notice, which shall be prepared by the Trustee at the expense of the Borrower, shall state the subsection under Section 3.01 pursuant to which the Bond is being called for redemption and shall specify the date on which and the place where it shall be presented for redemption. Except as specifically provided in this Indenture, and provided sufficient funds are on deposit with the Trustee with respect to such redemption, the portion of the Bond thus called for redemption shall cease to bear interest from and after the specified redemption and the Bondholder shall have no further rights with respect to the redeemed portion of the Bond or under this Indenture (with respect to such redeemed portion) except to receive the redemption price of such Bond.

Section 3.03. Cancellation. Subject to the provisions of Section 2.12, the portion of the Bond which has been redeemed shall be canceled by the Trustee as provided in Section 2.14 and shall not be reissued. The Trustee shall note any redemption of the Bond in part in its record and on the principal log maintained by the Trustee at its Principal Corporate Trust Office in the form appended to the Bond.

Section 3.04. Method of Redemption.

(a) The Trustee shall redeem the Bond or a portion thereof hereunder (except in the case of subsection 3.01(a)(ii) or 3.01(g)) only if it has received immediately available funds sufficient for such purpose on or prior to the notice date.

(b) If the Bond is redeemed pursuant to subsection 3.01(a)(ii) or 3.01(g) hereof, payment of the redemption price shall be deemed made by the Trustee's and the Issuer's absolute assignment to the Bondowner of all right, title and interest of the Issuer and the Trustee in and to the Loan Documents. Such assignment shall constitute full and complete satisfaction of all obligations of the Issuer to the Bondholder hereunder.

(c) If the Bond is mandatorily redeemed in part, payments of principal shall first be applied to retire Sub-series 2013B-3, then to retire Sub-series 2013B-2 and finally to retire Sub-series 2013B-3. In such case, the Trustee shall make an appropriate notation on the principal log maintained at its Principal Corporate Trust Office in the form attached to the Bond indicating the portion, and sub-series of the Bond redeemed. The Trustee shall inform the Bondowner in writing of the current outstanding principal amount of the Bond, and each sub-series thereof, each month following a Payment Date when the principal amount outstanding has changed since the prior Payment Date and upon receipt of a written request from any Bondowner.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. Payment of Principal, Premium and Interest. Subject to the provisions of Section 4.09 hereof, and solely from the moneys derived by the Issuer from the Loan Agreement (other than to the extent payable (a) from proceeds of the Bond, temporary investments, or amounts recovered by the Trustee for the Issuer's account under the Mortgage or (b) as provided in subsection 3.04(b) hereof), the Issuer will duly and punctually pay the principal of, premium, if any, and interest on the Bond in accordance with the terms of the Bond and this Indenture. Moneys so derived from the Loan Agreement include all moneys derived from the Granting Clauses set forth herein, including, but not limited to, the funds deposited in the Funds (excluding funds held in the Rebate Fund and rebatable arbitrage whether or not deposited in the Rebate Fund) to the extent hereof and in the manner provided in Article V hereof. Nothing in the Bond or in this Indenture shall be considered as assigning or pledging funds or assets of the Issuer other than those covered by the Granting Clauses set forth herein.

Section 4.02. Performance of Covenants.

(a) The Issuer covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its governing body pertaining thereto; that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation, the Act and the Law, to issue the Bond authorized hereby, to execute this Indenture, to loan the

proceeds of the Bond to the Borrower and to assign and pledge its interest in the payments from the Loan Agreement in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bond and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bond in the hands of the Holder thereof is and will be a valid and enforceable obligation of the Issuer according to the terms thereof. The Issuer further covenants that it will fully comply with the Tax Certificate and that it will not take any action or fail to take any action which, as advised by Bond Counsel, would adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes.

(b) The Trustee covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Indenture, and in every Bond executed, authenticated and delivered hereunder; that it is duly organized, validly existing, in good standing and possesses all licenses and authorizations necessary to enter into this Indenture; that it has full power and authority to enter into this Indenture and the transactions contemplated thereby; that this Indenture has been duly executed and delivered by it; that this Indenture constitutes a legal, valid, binding and enforceable obligation of the Trustee (subject to bankruptcy, insolvency or creditor rights laws generally and principles of equity generally) without offset, defense or counterclaim; that the execution, delivery and performance of this Indenture by the Trustee will not cause or constitute, including due notice or lapse of time or both, a default under or conflict with organizational documents of the Trustee or other agreements to which the Trustee is a party or otherwise materially or adversely affect performance of duties of the Trustee; that the execution of this Indenture by the Trustee will not violate any law, regulation, order or decree of any Governmental Authority; that all consents, approvals, authorizations, orders or filings of or with any court or governmental agency or body, if any, required for the execution, delivery and performance of this Indenture by the Trustee have been obtained or made; and that there is no pending action, suit, proceeding, arbitration or governmental investigation challenging the authority of the Trustee to perform its obligations under this Indenture.

Section 4.03. Instruments of Further Assurance. The Issuer covenants that it has not made, done, executed or suffered, and will not make, do, execute or suffer, any act or thing whereby its interest in the Loan Agreement or any part thereof is now or at any time hereafter will be impaired, changed or encumbered in any manner whatsoever, except as may be expressly permitted herein or in the Loan Agreement or as required by law; the Issuer further covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such instruments supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto the Trustee all and singular the sums assigned and pledged hereby to the payment of the principal of, premium, if any, and interest on the Bond.

Section 4.04. Filing of Continuation Statements. The Trustee shall file all such continuation statements as are necessary to preserve the first-lien perfected security interest of the Trustee in and to the Trust Estate with respect to financing statements provided to the Trustee and the Trustee shall have no duty to determine if any financing statements are necessary in connection with such first-lien security interest.

Section 4.05. Books and Records. The Trustee covenants that so long as any portion of the Bond issued hereunder and secured by this Indenture shall be unpaid, the Trustee will keep proper books or records and accounts, in which full, true and correct entries will be made of all its financial dealings or transactions in relation to the Project and the payments derived from the Loan Agreement, this Indenture and the Mortgage. At reasonable times and under reasonable regulations established by the Trustee, such books shall be open to the inspection of the Holder or the Issuer, and such accountants or other agencies as the Holder or the Issuer may from time to time designate in writing to the Trustee.

Section 4.06. Bondholder's Access to Bond Register. At reasonable times and under reasonable regulations established by the Bond Registrar, the Bond Register or a copy thereof may be inspected and copied by the Issuer, the Trustee or the Holder (or any designated representative thereof), such authority of any such designated representative to be evidenced to the reasonable satisfaction of the Bond Registrar. Except as otherwise may be provided by law, the Bond Register shall not be deemed a public record and shall not be made available for inspection by the public, unless and until notice to the contrary is given to the Bond Registrar by the Issuer and the Bondowner Representative.

Section 4.07. Rights Under Loan Agreement. The Loan Agreement sets forth covenants and obligations of the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate in the enforcement of all covenants and obligations of the Borrower under the Loan Agreement and agrees that the Trustee, at the written direction of the Bondowner Representative, may enforce all rights of the Issuer (other than Unassigned Rights) and all obligations of the Borrower to the Issuer under and pursuant to the Loan Agreement in their respective names and on behalf of the Holder, whether or not the Issuer has undertaken to enforce such rights and obligations.

Section 4.08. Rights Under Mortgage.

(a) The Issuer acknowledges that it has assigned its interest in and to the Mortgage and the Note to the Trustee under this Indenture and that the Mortgage further secures payment of the Loan, interest thereon and amounts due under certain other Loan Documents; and reference is hereby made to the same for a detailed statement of the obligations of the parties thereto.

(b) Subject to the terms of this Indenture, the Loan Agreement, the Mortgage and the Regulatory Agreement, until the occurrence of an event of default under the Loan Agreement or the Loan Documents (subject to applicable notice and cure periods), the Borrower shall be permitted to possess, use and enjoy the Mortgaged Property and to receive and use the issues and profits of the Mortgaged Property.

Section 4.09. Limitations on Liability. Notwithstanding any other provision of this Indenture to the contrary:

THE BOND IS ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT, AND IS A LIMITED OBLIGATION OF THE ISSUER. NEITHER THE CITY COUNCIL OF THE ISSUER NOR ANY OFFICER, AGENT, EMPLOYEE OR ATTORNEY

OF THE ISSUER NOR ANY PERSON EXECUTING THE BOND SHALL BE LIABLE PERSONALLY ON THE BOND OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF ITS ISSUANCE. THE BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE ONLY FROM THE SOURCES DESCRIBED IN THIS INDENTURE. NEITHER THE ISSUER, THE STATE NOR ANY OTHER POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BOND OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE MONEY AND OTHER PROPERTY PLEDGED THEREFOR. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE NOR ANY POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF NOR THE FAITH AND CREDIT OF THE ISSUER IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BOND OR OTHER COSTS INCIDENT THERETO. THE BOND IS NOT A DEBT OF THE UNITED STATES OF AMERICA.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on any Bond or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture contained, against the Issuer, any past, present or future member of its governing body, its officers, attorneys, accountants, financial advisors, agents or staff or the officers, attorneys, accountants, financial advisors, agents or staff of any successor public entity, as such, either directly or through the Issuer or any successor public entity, under any rule of law or penalty of otherwise, and all such liability of the Issuer, any member of its governing body and its officers, attorneys, accountants, financial advisors, agents and staff is hereby, and by the acceptance of the Bond, expressly waived and released as a condition of, and in consideration for, the execution of this Indenture and the issuance of the Bond.

It is recognized that notwithstanding any other provision of this Indenture, neither any Borrower, the Trustee nor any Bondholder shall look to the Issuer for damages suffered by any Borrower, the Trustee or such Bondholder as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under this Indenture, the Loan Agreement, the Bond or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Issuer in any of such documents, nor for any other reason. Although this Indenture recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in this Indenture shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its officers or employees to enforce the provisions of any of such documents which the Issuer is obligated to perform and the performance of which the Issuer has not assigned to the Trustee or any other person; provided, however, that as a condition precedent to the Issuer proceeding pursuant to this Section 4.09, the Issuer shall have received satisfactory indemnification.

Section 4.10. Request and Indemnification. If any consent or other action on the part of the Issuer is required in this or any other document, the Issuer shall have no obligation to act unless first requested to do so, and the Issuer shall have no obligation to expend time or money or to otherwise incur any liability unless indemnity satisfactory to the Issuer has been furnished to it.

ARTICLE V

FUNDS AND ACCOUNTS

Section 5.01. Trust Funds Pledged and Assigned to the Trustee. All payments, revenues and income receivable by the Issuer under the Loan Agreement representing payments of principal, interest and premium, if any, and the fees and expenses of the Issuer, the Trustee and the Arbitrage Consultant and pledged and assigned by this Indenture to the Trustee, together with the balance of the Trust Estate, are to be paid directly to the Trustee (except as otherwise provided in the Loan Agreement) and, subject to the provisions of Section 5.06, deposited by it in the Funds and accounts described in this Article V and held in trust for the purposes set forth herein. Moneys on deposit in the Funds and Accounts described in this Article V shall be held by the Trustee in trust, and pending application in accordance with the provisions of this Article V shall be subject to a lien and charge in favor of the Bondholder (other than amounts in the Rebate Fund) until applied as hereinafter provided. The Issuer hereby assigns to Trustee any lien Issuer may have in any Funds held by or on behalf of the Bondowner Representative under the Loan Agreement or any other Loan Document, all for the benefit of the Bondholder. The Trustee shall at all times maintain accurate records of deposits into such funds and the sources and timing of such deposits.

Each Fund shall constitute a segregated trust account or accounts maintained with the corporate trust department of the Trustee, shall be established in the name of the Trustee, bearing the designation provided below with a qualifier indicating such Fund is held with respect to the Bond. The Trustee shall not deposit into such Funds any moneys other than as provided in this Indenture or the Loan Agreement.

Section 5.02. Project Fund; Disbursement of Project Funds. A special trust fund is hereby created and designated the Project Fund. There shall be created, within the Project Fund, a Bond Proceeds Account and an Equity Account.

(a) The Bondowner shall fund the Loan from time to time in accordance with the Loan Agreement and this Indenture, for deposit to the Bond Proceeds Account of the Project Fund. Each advance of the Loan shall be treated as a concurrent funding of Bondholder's purchase of a further portion of the Bond. The date and amount of such advance shall be duly noted by the Trustee on the Principal Log set forth as Exhibit A to the Bond. The Trustee shall deposit moneys received from the Borrower to the Equity Account of the Project Fund.

(b) No moneys shall be disbursed for the Loan until the Trustee shall have received evidence of the provision for the recordation of the Regulatory Agreement in the Official Records of Los Angeles County, California.

(c) The Trustee shall make disbursements from the Project Fund only upon satisfaction of the requirements of this Section 5.02 and receipt from the Borrower, for each disbursement, of (i) a written requisition for such disbursement in the form of Exhibit E to the Loan Agreement, which requisition shall include Borrower's certification that not less than 95% of the funds requisitioned will be expended for Qualified Project

Costs which have not previously been paid or reimbursed and (ii) written consent to such disbursement by: the Issuer (including soft costs and those construction costs governed by the Intercreditor Agreement); provided that the Issuer's consent shall be deemed to be granted if the Issuer does not respond to a disbursement request within 5 Business Days of delivery thereof; provided, further, however, that the Bondowner Representative may, at its option, without submitting a requisition signed by the Borrower or the Issuer, cause the Trustee to make disbursements from the Equity Account of the Project Fund to pay interest due and payable on the Bonds. Notwithstanding any express objection of the Issuer to a requisition, the Trustee shall pay such requisition if approved in writing by the Bondowner Representative. Upon the satisfaction of the above conditions, as applicable, the Trustee shall immediately notify Bondowner Representative and Bondowner Representative shall at its option fund the Loan in the amount of the requisition by depositing said funds with the Trustee for deposit into the Project Fund. Upon receipt of such funds, the Trustee shall disburse all amounts requested in such requisition to the Borrower or the persons designated by the Borrower. Each such requisition shall be immediately forwarded to the Trustee and to the Issuer (or in the case of disbursements to pay interest on the Bond, to the Bondholder).

(d) Neither the Trustee nor the Issuer shall be responsible for the application by the Borrower of moneys disbursed to the Borrower or its designees (if any money is disbursed thereto) by the Trustee in accordance with this Section 5.02 and the Loan Agreement.

(e) All requisitions in the form provided by this Indenture and all other statements, orders, certifications and approvals received by the Trustee, as required by this Article V as conditions of disbursement of the Loan (with concurrent treatment as a drawdown of the Bond), may be conclusively relied upon by the Trustee, and shall be retained by the Trustee, subject at all reasonable times to examination by the Borrower (so long as the Loan Agreement shall remain in force and effect), the Issuer, the Bondowner Representative and the agents and representatives of each of them. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

(f) All costs incurred in connection with the requisition and disbursement of Loan funds, including, but not limited to, the cost of the Project Engineer and updates to the title policy, shall be paid by the Borrower.

(g) Notwithstanding the foregoing provisions of this Section 5.02, the Bondowner Representative has agreed in the Loan Agreement to make an initial disbursement of at least \$[] on the Dated Date, which amount will be paid to the Trustee and deposited to the Bond Proceeds Account of the Project Fund.

(h) Notwithstanding anything to the contrary set forth in any of the Bond Documents, including, without limitation, this Indenture, the Loan Agreement or the IRS Form 8038 completed at the time of Bond issuance, all of the Bond proceeds shall, for federal income tax purposes, be or deemed to be used exclusively to pay costs of the acquisition and construction of the Project which are includable in the aggregate basis of

any building and the land on which the building is located ("Eligible Costs") in a manner such that each building satisfies the requirements of Section 42(h)(4)(B) of the Internal Revenue Code. Accordingly, no Bond proceeds will be deemed to have been used to pay any of the costs of issuance of the Bond or to fund any reserve account.

Section 5.03. Revenue Fund. A special trust fund is hereby created and designated the Revenue Fund and shall be used to collect payments of Issuer's Fees and Ordinary Fees and Expenses and all other payments. There shall be created, within the Revenue Fund, a Revenue Account and a Fee Account.

(a) ***Deposits to the Revenue Fund.*** All payments made to the Issuer under the provisions of the Loan Agreement and the Note and all payments paid under the Guaranty are assigned by the Issuer to the Trustee pursuant to this Indenture for monthly deposit by the Trustee, upon its receipt thereof, to the Revenue Fund (except as otherwise provided in the Loan Agreement). Payments of Issuer's Fees, Ordinary Fees and Expenses and fees of any Arbitrage Consultant shall be deposited to the Fee Account. All other payments shall be deposited in the Revenue Account.

(b) ***Uses of Revenue Fund.*** Funds on deposit in the Revenue Fund shall be distributed at least monthly (except for distributions under clause (iv) below which shall be semiannually) by the Trustee as follows:

(i) FIRST, from the Revenue Account to the Bond Fund for deposit into the Principal Account and the Interest Account, an amount equal to the principal of and interest, to become due on the Bond on the next Payment Date;

(ii) SECOND, from the Revenue Account to the Bondowner Representative as servicer of the Loan, to reimburse it for amounts advanced by it as set forth in the Loan Documents in connection with the servicing of the Loan, plus interest thereon at the rate established and calculated under the Loan Agreement, as such amount is certified to the Trustee and the Borrower by the Bondowner Representative;

(iii) THIRD, from the Revenue Account to the extent of funds received by the Trustee for such purpose, if any, to the Rebate Fund, the amount calculated as arbitrage rebate due to the United States Department of the Treasury with respect to a particular Bond Year by the Arbitrage Consultant to the extent specified in writing to the Trustee by the Arbitrage Consultant; and

(iv) FOURTH, from the Fee Account to the Trustee, the amount of its Ordinary Fees and Expenses then due, if any, and then to the Arbitrage Consultant, the reasonable fees and expenses, if any, as billed and due to it for services hereunder, and then to the Issuer, the Issuer's Fee. The Trustee shall be responsible for calculating, invoicing, collecting and remitting to the Issuer the Issuer's Fee when due.

(c) *Notice to Issuer.* The Trustee shall promptly notify the Borrower, the Issuer and the Bondowner Representative if the Borrower fails to make any payment of the Issuer's Fee when due.

Section 5.04. Bond Fund. A special trust fund is hereby created and designated the Bond Fund, which shall contain (i) the Interest Account, (ii) the Principal Account and (iii) the Redemption Account.

(a) *Interest Account.* The Trustee shall deposit to the Interest Account moneys transferred from the Revenue Fund as provided in Section 5.03 of this Indenture. Moneys in the Interest Account shall be used to pay interest on the Bond when due.

(b) *Principal Account.* The Trustee shall deposit to the Principal Account moneys transferred from the Revenue Fund as provided in Section 5.03 of this Indenture. Moneys in the Principal Account shall be used to pay principal of and sinking fund installments on the Bond when due.

(c) *Redemption Account.* The Trustee shall deposit to the Redemption Account any amounts of funds transferred or deposited to effect a redemption of the Bond or any portion thereof (other than mandatory sinking fund redemption) pursuant to Article III hereof. Moneys on deposit in the Redemption Account shall be used for redemption (other than mandatory sinking fund redemption) of the Bond or a portion thereof pursuant to the provisions of Article III hereof.

Section 5.05. [Reserved]

Section 5.06. Deposit of Funds With Paying Agent.

(a) If the Trustee is not the Paying Agent, the Trustee shall transfer and remit sums from the Bond Fund to the Paying Agent immediately upon deposit therein, from the balance then on hand in the Bond Fund, sufficient to pay all principal, interest and redemption premiums then due on the Bond. The Paying Agent shall hold in trust for the Holder of such Bond all sums so transferred to it until paid to such Holder or otherwise disposed of as herein provided.

(b) The Trustee will cause any Paying Agent which is not the Trustee to execute and deliver to it an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section 5.06, that such Paying Agent will:

(i) hold all sums held by it for the payment of the principal of, premium, if any, or interest on the Bond in trust for the benefit of the Holder until such sums shall be paid to such Holder or otherwise disposed of as herein provided; and

(ii) at any time during the continuance of any default in the making of any such payment of principal, premium, if any, or interest, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by

such Paying Agent. The Trustee, acting as Paying Agent, shall also be bound by the terms of the foregoing requirements.

Section 5.07. Rebate Fund.

(a) The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder, designated as the Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate and at the direction of the Arbitrage Consultant. Subject to the transfer provisions provided in subsection 5.07(c) below, all amounts on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to pay rebatable arbitrage to the United States of America, and neither the Issuer, the Borrower nor the Holder of the Bond shall have any rights in or claim to such money. All amounts held in the Rebate Fund shall be governed by this Section 5.07 and by the Tax Certificate (the terms of which are incorporated herein by reference). The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall be deemed conclusively to have complied with the provisions of this Indenture and the Tax Certificate regarding calculation and payment of rebate if it follows the directions of the Borrower or the Arbitrage Consultant and it shall have no independent duty to review such calculations or enforce compliance with such rebate requirements.

(b) The Trustee shall unconditionally be entitled to accept and rely upon the recommendations, advice, calculations and opinions of the Arbitrage Consultant as to actions required or not required to be taken by the Trustee to comply with the provisions of Section 148(f) of the Code. The Trustee agrees to act in accordance with the recommendations, advice and opinions of the Arbitrage Consultant for the purpose of complying with any applicable provision of Section 148(f) of the Code.

(c) Upon written direction of the Arbitrage Consultant pursuant to the Tax Certificate, the Trustee shall remit all rebate installments and a final rebate payment to the United States of America pursuant to the final report of the Arbitrage Consultant. The Trustee shall have no obligation to pay any amounts required to be rebated pursuant to this Section 5.07 and the Tax Certificate, other than from moneys held in the Funds created under this Indenture or from other moneys provided to it by the Borrower. Any moneys remaining in the Rebate Fund after redemption and payment of the Bond and payment and satisfaction of any rebatable arbitrage shall be withdrawn and remitted to the Borrower.

(d) Notwithstanding any other provision of this Indenture, including in particular Article VII hereof, the obligation to pay rebatable arbitrage to the United States of America and to comply with all other requirements of this Section 5.07 and the Tax Certificate shall survive the defeasance or payment in full of the Bond.

Section 5.08. [Reserved].

Section 5.09. Costs of Issuance Fund. A special trust fund is hereby created and designated the Costs of Issuance Fund. There shall be deposited to the credit of the Costs of Issuance Fund on Bond Closing funds provided by the Borrower. The Trustee shall disburse amounts in such Fund upon written request of the Borrower and receipt of written approval by the Bondowner Representative to pay or reimburse the Borrower for Costs of Issuance. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. The Trustee shall disburse from the Costs of Issuance Fund, without receipt of a written request, the sum of \$_____ to itself as its closing fee and the sum of [\$_____] to CDIAC, upon the receipt of an invoice for such sum. Any amounts in the Costs of Issuance Fund on the ninety-fifth day following the Bond Closing shall be transferred to the Borrower and the Costs of Issuance Fund shall be closed.

Section 5.10. [Reserved].

Section 5.11. Interest Earned on Funds.

(a) The interest earned from the investment of money held by the Trustee in each of the Funds and Accounts created under this Article V (other than the Rebate Fund) shall inure to the benefit of the Borrower and, except as provided in subsection 5.12(b) below, shall be retained in such separate Fund or Account and be applied as a credit against the payment next due into such separate Fund or Account.

(b) During the continuance of an event of default or an event which, with notice or lapse of time or both, would become an event of default under the Loan Agreement or any other Loan Document, interest earned from the investment of money in the Funds created under this Article V shall be held in each such Fund and shall not be credited against the payments next due to or from such separate Funds.

Section 5.12. Final Balances. Upon the deposit with the Trustee of moneys sufficient to pay all principal of, premium, if any, and interest on the Bond, and upon satisfaction of all claims against the Issuer hereunder and under the Loan Documents, including any rebate obligation, all fees, charges and expenses of the Trustee, the Bond Registrar, the Issuer and any Paying Agent which are properly due and payable hereunder, or upon the making of adequate provisions for the payment of such amounts as permitted hereby, all moneys remaining in all Funds, except: (a) moneys necessary to pay principal of, premium, if any, and interest on the Bond, which moneys shall be held by the Trustee to be paid to the Bondholder; and (b) moneys, if any, set aside pursuant to Section 5.07 hereof, shall be remitted to the Borrower.

ARTICLE VI

INVESTMENTS

Section 6.01. Investments by Trustee.

(a) Moneys held hereunder by the Trustee in the Funds, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee: (i) unless an event of default has occurred and is continuing under the Loan Agreement or other Loan Documents, upon direction of the Borrower given or confirmed in writing (which

direction shall specify the amount thereof to be so invested), in Permitted Investments maturing on or before the Business Day prior to the day such amounts are required and in the amounts required, to enable the Trustee to make payments due hereunder on the Bond or otherwise, but in no event longer than 180 days (unless approved in writing by the Bondowner Representative) or (ii) absent written investment direction or if the Trustee has received notice that an event of default has occurred and is continuing under the Loan Agreement or the other Loan Documents, the Trustee shall hold money in the Funds in Permitted Investments of the type described in paragraph (a)(v) of the definition of Permitted Investments.

(b) The Trustee shall sell and reduce to cash a sufficient portion of investments under the provisions of this Section 6.01 whenever the cash balance in the Fund for which the investment was made is insufficient for its current requirements. Securities so purchased as an investment of money shall be held by the Trustee, shall be registered in the name of the Trustee or its nominee if registration is required, and shall be deemed at all times a part of the applicable Fund, and the interest accruing thereon and any profit realized from such investments shall be credited to the Fund from which the investment was made, subject to any transfer to another Fund as herein provided. Any loss resulting from such investment shall be charged to the Fund from which the investment was made, and in the event such loss reduces the amount held in such Fund below the amount required to be deposited in such Fund, the Trustee shall request the Borrower to transfer to the Trustee for deposit into such Fund the amount required to restore amounts in such Fund to the required amount. The Trustee shall not be liable for any loss incurred from the purchase or sale of any investment (except for any such loss resulting from the negligence or willful misconduct of the Trustee or its employees).

(c) The Trustee may purchase from or sell to itself, or through any affiliated company, as principal or agent, Permitted Investments herein authorized so long as such purchase or sale is at fair market value.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section 6.01, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

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 Trustee will furnish the Issuer and the Borrower periodic cash transaction statements, which include detail for all investment transactions made by the Trustee hereunder. The Trustee, or any of its affiliates, may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

Section 6.02. Computation of Balances in Funds. In computing the assets of any Fund established hereunder, investments and accrued but unpaid interest thereon shall be deemed a part thereof, and, except as otherwise provided in this Indenture, such investments shall be

valued at par value, or at the redemption price thereof, if then redeemable at the option of the obligor, whichever is lower.

Section 6.03. Downgrade of Investments. If any rating of a Permitted Investment during the term of this Indenture falls below such rating that is required pursuant to the definition of "Permitted Investments" then the Trustee shall within two Business Days or as soon as reasonably practicable thereafter after receiving actual knowledge of the downgrade of the rating of an investment notify in writing the Borrower of such downgrade. The Borrower shall within five Business Days of the receipt of the downgrade notice from the Trustee, direct the Trustee to reinvest such downgraded investment in other Permitted Investments.

ARTICLE VII

DISCHARGE OF LIEN

Section 7.01. Payment of Bond; Satisfaction, Defeasance and Discharge of Bond and Obligation to Bondholder. Whenever the conditions specified in either clause (a)(i) or clause (a)(ii) below and the conditions specified in the following subsections 7.01(b), 7.01(c), 7.01(d) and 7.01(e) to the extent applicable, shall exist, namely:

(a) either:

(i) the Bond shall have become due and payable and all principal of, premium, if any, and interest on the Bond shall have been paid in full, or the Bond has been canceled by the Trustee or delivered to the Trustee for cancellation, except for:

(A) any portion of the Bond for which funds have theretofore been deposited in trust or segregated and held in trust by the Paying Agent or the Trustee and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 2.12; and

(B) any Bond alleged to have been destroyed, lost or stolen which have been replaced or paid as provided in Section 2.07, and (1) which, prior to the satisfaction and discharge of this Indenture as hereinafter provided, has not been presented to the Paying Agent or the Trustee with a claim of ownership and enforceability by the Holder thereof, or (2) whose enforceability by the Holder thereof has been determined adversely to the Holder by a court of competent jurisdiction or other competent tribunal; or

(ii) the Issuer or the Borrower has deposited or caused to be deposited, as trust funds, with the Trustee cash and/or Permitted Investments of the type described in paragraph (a)(i) of the definition of that term which do not permit the redemption thereof at the option of the issuer thereof, the principal of, premium, if any, and interest on which when due (or upon the redemption thereof at the option of the holder), will, without reinvestment, provide cash which together with the cash, if any, deposited with the Trustee at the same time, shall be sufficient, to

pay and discharge the entire indebtedness on any portion of the Bond not theretofore canceled by the Trustee or delivered to the Trustee for cancellation by the payment of principal of, premium, if any, and interest on the Bond which have become due and payable or which shall become due at their stated maturity or redemption date, as the case may be (the "Defeasance Collateral"), and which are to be discharged under the provisions hereof, and has made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, by the Trustee in the name, and at the expense, of the Borrower in the same manner as is provided by Section 3.02;

(b) the Issuer or the Borrower has paid, caused to be paid or made satisfactory arrangements satisfactory to the Trustee for the payment of all other sums due and payable hereunder, including the Issuer's Fee and any rebate obligation, and under the Loan Documents;

(c) the Borrower has delivered to the Trustee and the Issuer a report of an Independent Accountant stating that the payments to be made on any securities, together with the cash, if any, deposited pursuant to subsection 7.01(a)(ii) above will be sufficient to pay when due the principal of, premium, if any, and interest on the Bond or the portion thereof to be defeased;

(d) if discharge is to be effected under subsection 7.01(a)(ii), an opinion of Bond Counsel is delivered to the Trustee and the Issuer stating in effect that such discharge will not impair the exclusion of interest on the Bond from gross income for federal income tax purposes; and

(e) the Borrower has delivered to the Trustee and the Issuer an opinion of Independent Counsel to the effect that (i) the Defeasance Collateral has been duly and validly assigned and delivered to the Trustee, (ii) the security interest of the Trustee for the benefit of the Bondholder, with respect to Defeasance Collateral, is a first priority perfected security interest as security for payment of the Bond, which opinion may contain, and be subject to, conditions, exceptions or qualifications as are then customarily included in such opinions, (iii) making the payment which accompanies such opinion would not constitute an avoidable preference under Section 547 of the Bankruptcy Code or under applicable state law in the event of a filing of a petition for relief under the Bankruptcy Code or such applicable state law by or against the Borrower and (iv) the Defeasance Collateral would not be part of the bankruptcy estate under Section 541 of the Bankruptcy Code or be subject to the automatic stay under Section 362 of the Bankruptcy Code in the event of a filing of a petition for relief under the Bankruptcy Code by or against the Borrower;

(f) then, except as otherwise provided in Section 7.05, the rights of the Bondholder on account of the Bond shall be limited to the cash or cash and securities deposited as provided in clause (a)(i) or (a)(ii) above, and upon the Borrower's request the rights and interest hereby granted or granted by the Loan Documents to or for the benefit of the Trustee or the Bondholder shall cease and terminate, and the Issuer and the Trustee shall, at the expense of the Borrower, execute and deliver such instruments of

satisfaction and transfer as may be necessary, and forthwith the estate, right, title and interest of the Trustee in and to all of the Project and in and to all rights under this Indenture and the Loan Documents (except the moneys or securities or both deposited as required above, rebatable arbitrage and except as may otherwise be provided in Section 7.05) shall thereupon be discharged and satisfied; except that in any event the obligations of the Borrower under Sections 13.2 and 13.3 of the Loan Agreement shall survive.

Section 7.02. Cancellation of Surrendered Bond. The Issuer or the Borrower may at any time surrender to the Trustee for cancellation by the Trustee a Bond which the Issuer or the Borrower acquired in any lawful manner whatsoever, and such Bond, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 7.03. Payment of Bond. The Bond or any portion thereof shall be deemed paid if the conditions set forth in Section 7.01 hereof have been satisfied with respect thereto, even though an additional portion of the Bond may remain Outstanding.

Section 7.04. Application of Deposited Money. All money, securities and income thereon deposited with the Trustee pursuant to Section 7.01 for the purpose of paying the principal of, premium, if any, and interest on the Bond shall be applied by the Trustee solely for such purpose.

Section 7.05. Survival of Certain Provisions. Notwithstanding satisfaction of the conditions set forth in Section 7.01 hereof, the provisions contained in Sections 4.07, 4.08, 4.09 and 5.07 shall survive the discharge of this Indenture pursuant to Section 7.01.

ARTICLE VIII

DEFAULT AND REMEDIES

Upon a default by the Issuer of its obligations hereunder, the Trustee shall take such actions to enforce the provisions of this Indenture as are specified in writing by the Bondowner Representative. Notwithstanding the foregoing, or anything else to the contrary herein, no event of default by the Borrower under the Loan Agreement shall constitute an Event of Default with respect to the Bond (including, without limitation, a failure to make any payment due with respect to the Bond as a consequence of the Borrower's failure to make any payment due under the Loan Agreement). The Issuer's, Trustee's, Bondowner Representative's and Bondholder's remedies with respect to an event of default under the Loan Documents shall be as set forth under the Loan Documents and in Article III hereof.

ARTICLE IX

THE TRUSTEE

Section 9.01. Acceptance of the Trustee. The Trustee, prior to the occurrence of an Event of Default, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture; and no implied covenants or obligations should be read into this Indenture against the Trustee. In case an Event of Default has occurred and is continuing and has not been

cured or waived, the Trustee agrees to perform such trusts as an ordinarily prudent man, but in any event, only upon and subject to the following express terms and conditions:

(a) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be liable for any misconduct or negligence on the part of any agent or attorney appointed with due care, and shall be entitled to advice of counsel concerning all matters of trusts hereof and duties hereunder, and may in all cases pay such reasonable compensation to any attorney, agent, receiver or employee retained or employed by it in connection herewith and shall be entitled to reimbursement from the Borrower for such payment. The Trustee may act upon the written opinion or written advice of any attorney, surveyor, engineer or accountant selected by it in the exercise of reasonable care or, if selected or retained by the Issuer, provided that the only legal advice or opinion that the Trustee may rely upon for purposes of securing advice or an opinion relating to the tax exempt status of the interest on the Bond is given by Bond Counsel. The Trustee shall not be responsible for any loss or damage resulting from any action taken in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein or in the Bond or for the investment of moneys as herein provided (except as provided in Section 6.01 or 6.02), or for collecting any property insurance proceeds, or for the validity of the execution by the Issuer of this Indenture, or of any supplemental indentures or instruments of further assurance, or for the sufficiency of any security for the Bond, or for the value of title of the property herein conveyed, if any, or otherwise as to the maintenance of the security hereof; except as otherwise provided in Sections 4.04 and 4.05 and except that in the event the Trustee enters into possession of a part or all of the property conveyed pursuant to any provisions of this Indenture or the Mortgage, it shall use due diligence in preserving such property. The Trustee may, but shall be under no duty to, require of the Borrower full information and advice as to the performance of the covenants, conditions and agreements in the Loan Agreement, the Regulatory Agreement and the Mortgage as to the condition of any Mortgaged Property and the performance of all other obligations thereunder and shall use reasonable efforts, but without any obligation, to advise the Issuer of any impending event of default thereunder known to the Trustee.

(c) The Trustee shall not be accountable for the use or application of the Bond or the proceeds thereof (except as herein expressly provided) or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any Paying Agent. The Trustee may become the owner of the Bond secured hereby with the same rights it would have if not Trustee.

(d) The Trustee shall be protected in acting in accordance with the standard of care otherwise required hereunder upon any written notice, order, requisition, request, consent, certificate, opinion (including an opinion of Independent Counsel or Bond Counsel), affidavit, letter, telegram, facsimile or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper

person or persons, and the Trustee shall be under no duty to make an investigation or inquiry into any statement contained therein. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of the Bond, shall be conclusive and binding upon all future Holders of such Bond.

(e) As to the existence or nonexistence of any fact or as to the sufficiency or authenticity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the Issuer signed by its representative as sufficient evidence of the facts stated therein as the same appear from the books and records under the Secretary's or Assistant Secretary's custody or control or are otherwise known to such officer. The Trustee may accept a certificate of the Secretary or Assistant Secretary of the Issuer to the effect that a motion, resolution or ordinance in the form therein set forth has been adopted by the governing body of the Issuer as conclusive evidence that such motion or resolution has been duly adopted, and is in full force and effect, and may accept such motion, resolution or ordinance as sufficient evidence of the facts stated therein and the necessity or expediency of any particular dealing, transaction or action authorized or approved thereby, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(f) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the real and tangible personal property as in this Indenture provided.

(g) At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right (but not the duty) fully to inspect any and all of the property comprising the Mortgaged Property, including all books, papers and records of the Issuer pertaining to the Mortgaged Property and the Bond, and to take such memoranda from and with regard thereto as may be desired.

(h) The Trustee shall not be required to give any bond or surety with respect to the execution of said trusts and powers or otherwise with respect to the premises.

(i) Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right, but shall not be required, to demand, with respect to the authentication of the Bond, the withdrawal of any cash except for withdrawals required by the express terms of this Indenture, the release of any property or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions (including opinions of Independent Counsel), appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable for the purpose of establishing the right of the Issuer to the authentication of the Bond, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(j) The Issuer shall not be liable for the payment of such sums or for providing for the indemnification of the Trustee.

(k) Notwithstanding any provision of this Indenture to the contrary, before taking any action hereunder, the Trustee may require that it be furnished indemnity satisfactory to it for the reimbursement of all expenses to which it may be put and to protect it against all liability (except liability which is adjudicated to have resulted from the negligence or willful misconduct of the Trustee) by reason of any action so taken by the Trustee.

(l) No provision of this Indenture or any Loan Document shall require the Trustee to expend or risk its own funds, make advances or otherwise incur any financial liability in the performance of any of its duties, or the exercise of its rights and powers hereunder.

(m) Notwithstanding anything to the contrary contained in this Indenture, in the event the Trustee is entitled or required to commence an action or otherwise exercise remedies to acquire control or possession of any or all of the Project under, but not limited to, the provisions of the Mortgage, the Trustee shall not be required to commence any such action or exercise any such remedy unless the Trustee has received security or indemnity, from a person, in an amount and in a form all satisfactory to the Trustee in its sole discretion, protecting the Trustee from any liability it may incur under an Environmental Law (as defined below) as the result of the presence at, or release on or from, the Project of any Hazardous Substance as defined in any Environmental Indemnity Agreement. The term "Environmental Laws" shall mean all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the environment or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances as defined in any Environmental Indemnity Agreement and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto.

(n) The Trustee is under no obligation to monitor the receipt of rents by the Borrower or to monitor the Borrower's compliance with the Regulatory Agreement.

(o) The Trustee is authorized and directed to execute, in its capacity as Trustee, the Regulatory Agreement.

(p) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(q) The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the Bondowner Representative or a majority (or other greater percentage provided for herein) in aggregate principal amount of Bond outstanding relating to the exercise of any right, power or remedy available to the Trustee.

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

(s) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bond.

(t) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(u) The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bond.

(v) The Trustee shall not be deemed to have knowledge of any event of default under the Bond Documents unless and until it shall have actual knowledge thereof, or a responsible officer shall have received written notice thereof, at its Principal Corporate Trust Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bond, or as to the existence of an event of default thereunder.

(w) Notwithstanding that the Bondowner Representative is the servicer under the Loan Agreement for the Trustee, the Trustee shall not be liable in any way for any action taken, suffered or omitted, or for any error of judgment made by the Bondowner Representative, whether in the performance of its duties under the Loan Agreement or otherwise.

Section 9.02. Trustee's Fees, Charges and Expenses.

(a) The Trustee and any Paying Agent shall be entitled to payment and/or reimbursement for Ordinary Fees and Expenses and Extraordinary Fees and Expenses and all advances, counsel fees and other expenses reasonably made or incurred by the Trustee in and about the execution of the trusts created by this Indenture and in and about the exercise and performance of the powers and duties of the Trustee hereunder which include but are not limited to those fees and expenses in connection with an Event of Default and for the reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Trustee) in connection with an Event of Default. In this regard provisions have been made in the Loan Agreement for the payment of said fees, advances, counsel fees, costs and expenses, and reference is hereby made to the Loan Agreement for the provisions so made; and the Issuer shall not otherwise be liable for the payment of such sums.

(b) The compensation of the Trustee shall not be limited by any provision of law which limits the compensation of a trustee of an express trust.

Section 9.03. Notice to Holder of Default. The Trustee shall give to the Bondholder and the Issuer written notice of all events of default under the Loan Documents known to the Trustee, within five days (or as soon as reasonably practicable thereafter) after the Trustee has actual knowledge or receives written notice of such events of default.

Section 9.04. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of any Bondholder, the Trustee may intervene on behalf of the Holder and, to the extent that it is indemnified to its reasonable satisfaction, shall do so if requested in writing by the Bondowner Representative. The rights and obligations of the Trustee under this Section 9.04 are subject to the approval of a court of competent jurisdiction in the premises.

Section 9.05. Successor Trustee. Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall, with the consent of the Issuer and the Bondowner Representative, be and become successor trustee and paying agent under this Indenture and vested with all of the title to the Trust Estate, and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding. If the Issuer's and Bondowner Representative's consent is not obtained, the Trustee shall be deemed to have been removed as set forth in Section 9.07 hereof.

Section 9.06. Resignation by Trustee. The Trustee and any successor trustee may at any time resign from the trusts hereby created by giving 30 days' written notice to the Issuer, the Bondowner Representative and the Borrower and by first-class mail to the Bondholder as shown on the Bond Register, and such resignation shall take effect upon the appointment of a successor trustee as provided in Section 9.08. Such notice to the Issuer, the Bondowner Representative or the Borrower shall be served personally or sent by registered or certified mail, or overnight courier.

Section 9.07. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee, the Borrower and the Issuer, and signed by the Issuer or by the Bondowner Representative.

Section 9.08. Appointment of Successor Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Issuer, with the consent of the Bondowner Representative, by an instrument or concurrent instruments in writing signed by the Issuer. Every such Trustee appointed pursuant to the provisions of this Section 9.08 must be a trust company or bank having trust powers and having (or if such bank or trust company is a member of a bank holding company system, its bank holding company has) a reported capital and surplus not less than \$50,000,000. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of

giving notice of removal or notice of resignation, the resigning Trustee or the Bondowner Representative may petition any court of competent jurisdiction for the appointment of a successor Trustee and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

Section 9.09. Acceptance by Successor Trustees. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, to the Borrower and also to the Issuer, an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors as Trustee and Paying Agent; but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article IX, shall be forthwith filed or recorded or both by the successor Trustee in each recording office where this Indenture or the Mortgage shall have been filed or recorded or both.

Section 9.10. Right of Trustee To Pay Taxes and Other Charges. In case any tax, assessment or governmental or other charge upon any part of the Project is not paid prior to delinquency, to the extent, if any, that the same is legally payable, the Trustee may, but shall be under no duty to, pay such tax, assessment or governmental or other charge, without prejudice, however, to any rights of the Trustee, the Bondowner Representative or the Bondholder hereunder arising as a consequence of such failure; and any amount at any time so paid under this Section 9.10, under the Loan Agreement, or under the Mortgage, with interest thereon at the rate borne by the Bond as the Default Rate, shall be repaid to the Trustee upon demand under the Loan Agreement, and shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over the Bond, except with respect to the payment of any principal of, premium, if any, or interest on the Bond which is then due but not paid, but the Trustee shall be under no obligation to make such payment of taxes, assessments or governmental charges unless it shall have been requested to do so by the Bondowner Representative and shall have been provided with adequate indemnity for the purpose of such payment.

Section 9.11. Trustee Protected in Relying Upon Resolutions. The resolutions, orders, requisitions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee.

Section 9.12. Successor Trustee as Custodian of Funds and Paying Agent. In the event of a change in the office of the Trustee, the predecessor Trustee which has resigned or been removed shall cease to be custodian of the Funds described in Article V and shall cease to act as

a Paying Agent for principal and interest on the Bond, and the successor Trustee shall be and become such custodian and a Paying Agent.

Section 9.13. Right of Bondowner Representative To Service the Loan. Notwithstanding anything to the contrary contained in this Indenture or in any of the Loan Documents, the Bondowner Representative has the sole and exclusive right to act on behalf of the Issuer and the Trustee by taking any action which the Bondowner Representative in its good faith discretion deems prudent to enforce any right or remedy of the Issuer or the Trustee under the Loan Documents.

The Issuer and the Trustee hereby irrevocably appoint Bondowner Representative as the "servicer" of the Loan and acknowledge and agree that Bondowner Representative shall have the sole and exclusive right to exercise, grant, make and/or issue all of the rights, powers, elections, determinations, approvals, consents and remedies of the Issuer and the Trustee, other than the Issuer's Unassigned Rights, under the Loan Agreement and the other Loan Documents.

Section 9.14. Co-Trustee.

(a) At any time or times upon the consent of the Issuer and the Bondowner Representative, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee shall have the power to appoint one or more persons either to act as co-trustee or co-trustees, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such right to the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section 9.14. Every such co-trustee or separate trustee appointed pursuant to the provisions of this Section 9.14 must be a trust company or bank having trust powers and having a reported capital and surplus not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(b) [Reserved].

(c) Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(i) All rights, powers, trusts, duties and obligations conferred by this Indenture upon the Trustee with respect to the custody, control or management of moneys, papers, securities and other personal property shall be exercised solely by the Trustee.

(ii) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees; provided, however, the Trustee shall remain responsible for exercising all rights

and powers, maintaining all trusts and performing all duties and obligations conferred or imposed upon the trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(iii) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(iv) Any co-trustee or separate trustee may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(v) The Trustee at any time, by an instrument in writing, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section 9.14. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 9.14.

(vi) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(vii) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each co-trustee or separate trustee.

(viii) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

(d) Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, such co-trustee or separate trustee shall be vested with such interest in and to the Trust Estate or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee. Any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee its or his or her attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his or her behalf and in its or his or her name.

(e) In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 9.15. Obligations as to Reporting. The Trustee shall provide to the Issuer and Bondowner Representative, upon request, monthly reports of the balances in the Funds held under Article V and any other information reasonably requested by the Issuer.

Section 9.16. Appointment of Bond Registrar and Paying Agent. The Issuer hereby appoints the Trustee as Bond Registrar and Paying Agent under this Indenture. All provisions of this Indenture relating to the rights, privileges, powers, indemnities and protections of the Trustee shall apply with equal force and effect to all actions taken by the Bond Registrar and Paying Agent.

Section 9.17. Successor Paying Agent or Bond Registrar. The provisions of Sections 9.05 through 9.09 with respect to removal, resignation and appointment of a successor trustee shall be equally applicable to the removal, resignation and appointment of a successor to the Paying Agent and the Bond Registrar. If permissible under applicable law, the Trustee shall be eligible for appointment as successor to the Paying Agent if the Trustee is not then already serving in such capacity.

Section 9.18. Confirmation of the Trustee.

(a) At any time while the Bond remains outstanding under this Indenture, if the Trustee reasonably questions whether it has proper authority to take action hereunder, the Trustee may, and upon request of the Issuer, the Borrower or the Holder shall, proceed in accordance with an opinion of Bond Counsel.

(b) The Trustee or successor Trustee shall not be answerable for actions taken in compliance with any final order of the court. The Trustee or successor Trustee shall not be entitled to require an indemnity bond pursuant to subsection 9.01(k) prior to taking any action directed by final order of the court except to the extent that such action would require the Trustee to risk or expend its own funds.

Section 9.19. Certain Representations of Trustee. The Trustee represents that the Trustee will take possession of the Note in accordance with the terms of this Indenture in its capacity as Trustee in accordance with this Indenture.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures. The Issuer and the Trustee may, from time to time and at any time with the prior written consent of the Bondowner Representative enter into an indenture or indentures supplemental to this Indenture for any lawful purpose.

Section 10.02. Rights of Borrower. Anything herein to the contrary notwithstanding, a supplemental indenture under this Article X which adversely affects the right of the Borrower under this Indenture, the Loan Agreement, the Note, the Regulatory Agreement or the Mortgage shall not become effective unless and until the Borrower shall have consented (either in writing or by inaction as provided below) to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such

supplemental indenture, together with a copy of the proposed supplemental indenture, to be mailed by certified mail, return receipt and overnight delivery by reputable private courier to the Borrower and Borrower's limited partners at least 30 days prior to the proposed date of execution and delivery of any such supplemental indenture. The Borrower shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive a letter signed by a representative of the Borrower of protest or objection thereto on or before 5:30 p.m., Pacific Standard or Pacific Daylight Time, whichever is then in effect in Los Angeles, California, of the thirtieth day after the mailing of said notice and a copy of the proposed supplemental indenture to the Borrower unless such thirtieth day falls on a day which is not a Business Day, in which event the letter of objection must be received not later than the next succeeding Business Day.

Section 10.03. Rights of Trustee. The Trustee shall not be required to consent to any supplemental Indenture referred to in this Article X unless it has first received an opinion of Independent Counsel that such supplemental Indenture is allowed by this Indenture.

Section 10.04. Opinion of Bond Counsel. Any supplemental indenture governed by this Article X shall be accompanied by an opinion of Bond Counsel that such supplemental indenture does not impair the exclusion of interest on the Bond from gross income for federal income tax purposes nor permit the taking of action which when taken will impair the exclusion of interest on the Bond from gross income for federal income tax purposes.

ARTICLE XI

AMENDMENTS TO LOAN DOCUMENTS

Section 11.01. Amendments. The Issuer or the Trustee or both may, but only with the prior written consent of the Bondowner Representative, consent to or enter into amendments to the Loan Documents for any lawful purpose.

Section 11.02. [Reserved].

Section 11.03. Opinion of Bond Counsel. Any amendment governed by this Article shall be accompanied by an opinion of Bond Counsel that such amendment does not adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes nor permit the taking of action which when taken will adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes.

Section 11.04. Rights of Trustee. The Trustee shall not be required to consent to any amendment referred to in this Article XI unless it has first received an opinion of Independent Counsel that such amendment is allowed by this Indenture.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 12.01. Consent of Holder. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Holder may be in

any number of concurrent writings of similar tenor and must be signed or executed by such Holder in person, the Bondowner Representative or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of the Bond, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution; and

(b) The fact of the ownership by any person of the Bond and the amount and number of the Bond, and the date of the holding of the same, may be proved only by reference to the Bond Register.

Section 12.02. Rights Under Indenture. Nothing expressed or mentioned in or to be implied from this Indenture or the Bond is intended or shall be construed to give any person or company, other than the parties hereto, the Bondowner Representative and the Bondholder, any legal or equitable right, remedy, or claim under or with respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Bondowner Representative and the Holder of the Bond hereby secured as herein provided.

Section 12.03. Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

Section 12.04. Notices. All notices, certificates or other communications hereunder shall be given to all parties identified below, shall be in writing (except as otherwise expressly provided herein) and shall be sufficiently given and shall be deemed given when actually delivered (or recipient refuses delivery) by hand delivery, telegram or facsimile or served by depositing the same with the United States Postal Service, or any official successor thereto, designated as Registered or Certified Mail, Return Receipt Requested, bearing adequate postage, or delivery by reputable private courier such as FedEx, Airborne, DHL or similar overnight delivery service, and addressed as hereinafter provided. Notices, except to the Trustee, shall be deemed given upon receipt or refusal to accept delivery. All parties identified below may, by written notice given by each to the others, designate any other address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Indenture. Any notice, certificate, report, financial statement or other

communication properly provided by legal counsel under this Indenture on behalf of any party hereunder shall be deemed properly provided by the party represented by such counsel. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To the Issuer:

City of Los Angeles
Los Angeles Housing Department
1200 West 7th Street
8th Floor
Los Angeles, CA 90017
Attention: Supervisor, Affordable Housing Bond
Program

with a copy to:

Los Angeles Housing Department
P.O. Box 532729
Los Angeles, CA 90053-2729
Attn: Supervisor, Affordable Housing Bond
Program

To the Borrower:

AMCAL Broadway Fund, L.P.
c/o AMCAL Multi-Housing, Inc.
30141 Agoura Road, Suite 100
Agoura Hills, CA 91301
Attention: []

With a copy to:

Bocarsly, Emden, Cowan, Esmail & Arndt
70th Floor
633 West Fifth Street
Los Angeles, CA 90071
Attn: Kyle B. Arndt

To the Trustee, Bond
Registrar and Paying Agent:

Wells Fargo Bank, National Association
MAC# E2818-176
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017
Attention: Corporate Trust Services

To the initial Bondowner
Representative:

U.S. Bank National Association
4747 Executive Drive, 3rd Floor
San Diego, CA 92121
Attention: Loan Administration Manager

With a copy to:

Davis Wright & Tremaine
Suite 2400
865 South Figueroa Street
Los Angeles, CA 90017
Attention: Mark L. Nelson, Esq.

Section 12.05. Required Approvals. Consents and approvals required by this Indenture to be obtained from the Borrower, the Issuer or the Trustee shall be in writing and shall not be unreasonably withheld or delayed.

Section 12.06. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.07 Limitation of Liability of Issuer and Its Officers, Employees and Agents. No recourse under or upon any obligation, covenant, warranty or agreement contained in this Indenture or in the Bond, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of this Indenture, shall be had against the Mayor, the City Council or any of the members, officers, agents or employees of the Issuer, as such, past, present or future, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver of the Issuer, or for or to the owner of the Bond, or otherwise, of any sum that may be due and unpaid by the Issuer upon the Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of the Mayor, the City Council or of any such member, officer, agent or employee, as such, by reason of any act of omission on his or her part or otherwise, for the payment for or to the owner of the Bond or otherwise of any sum that may remain due and unpaid upon the Bond secured by this Indenture or any of them is, by the acceptance of the Bond, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bond. Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, the Bondowner Representative or the Bondholder as to the existence of any fact or state of affairs; (b) the Issuer shall not be under any obligation under this Indenture to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee or by the Bondholder; and (c) none of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action. No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bond or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of the Bond shall be had against the Mayor, the City Council or any officer, member, agent or employee of the Issuer, as such, all such liability being expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the issuance of the Bond. No covenant, stipulation, obligation or agreement of the Issuer contained

in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer or the Mayor or the City Council in other than that person's official capacity. No member, officer, agent or employee of the Issuer shall be individually or personally liable for the payment of the principal or redemption price of or interest on the Bond or be subject to any personal liability or accountability by reason of the issuance of the Bond.

Section 12.08 Nondiscrimination and Affirmative Action. The Trustee shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the Issuer. Trustee shall not discriminate in its employment practices against any employee or applicant for employment denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Trustee shall comply with Executive Order 11246, entitled "Equal Employment Opportunity", as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60). The Trustee shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Trustee shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Trustee shall also comply with all rules, regulations, and policies of the Issuer's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the Issuer. Any subcontract entered into by the Trustee relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Indenture. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

Section 12.09 Business Tax Registration Certificate. Subject to any exemption available to it, the Trustee represents that it will obtain and hold the Business Tax Registration Certificate(s) required by the City's Business Tax Ordinance (Article 1, Chapter 2, section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Indenture, the Trustee shall maintain, or obtain as necessary, all such Business Tax Registration Certificates required of it, subject to any exemption available to it, under said Ordinance and shall not allow any such Business Tax Registration Certificate to be revoked or suspended.

Section 12.10 Child Support Assignment Orders. This Indenture is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, the Trustee certifies that: (1) it will fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (2) the principal owner(s) of the Trustee are in compliance with any Wage and Earnings

Assignment Orders and Notices of Assignment applicable to them personally; (3) it will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (4) it will maintain such compliance throughout the term of this Indenture. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Trustee to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Trustee to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Trustee under the terms of this Indenture, subjecting the Trustee to the remedies provided herein where such failure shall continue for more than ninety (90) days after notice of such failure to the Trustee by the Issuer. Any subcontract entered into by the Trustee relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Trustee to obtain compliance of its subcontractors shall constitute a default by the Trustee under the terms of this Indenture, subjecting the Trustee to removal hereunder where such failure shall continue for more than ninety (90) days after notice of such failure to the Trustee by the Issuer.

The Trustee shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. The Trustee hereby affirms that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in subdivision (1) of the Public Contract Code 7110.

Section 12.07. Americans with Disabilities Act. The Trustee shall be in full compliance with all federal and state laws, including those of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L. 110-325 and all subsequent amendments (the "ADA"). Under the ADA, the Trustee shall provide for reasonable accommodations to allow qualified individuals access to and participation in their programs, services and activities in accordance with the ADA. In addition, the Trustee shall not discriminate against individuals with disabilities nor against persons due to their relationship or association with a person with a disability. Any subcontract entered into by the Trustee, relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this Section.

Section 12.08. Complete Agreement. The Issuer and the Trustee understand that oral agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt, including promises to extend or renew such debt, are not enforceable. To protect the Issuer and the Trustee from misunderstandings, any agreements the Issuer and the Trustee reach covering such matters are contained in this Indenture, which is the complete and exclusive statement of the agreement between the Issuer and the Trustee, except as the Issuer and the Trustee may later agree in writing to modify this Indenture as more particularly provided herein.

Section 12.09. Governing Law, Venue. The formation, interpretation and performance of this Indenture shall be governed by the laws of the State of California. Venue for all litigation arising from or in connection with the Bond or this Indenture shall be in Los Angeles, California.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the CITY OF LOS ANGELES has caused this Indenture to be signed in its name and Wells Fargo Bank, National Association, in token of its acceptance of the trust created hereunder, and the Bondowner Representative have each has caused this Indenture to be signed in its name, all as of the day and year first above written.

CITY OF LOS ANGELES, as Issuer

By: Los Angeles Housing Department

By _____
Authorized Officer

Approved as to form:

MICHAEL N. FEUER,
City Attorney

Deputy/Assistant City Attorney

[Trustee Signature Page to Indenture – Broadway Villas Seniors Apartments Project]

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Trustee

By _____
Authorized Officer

[Bondowner Representative Signature Page to Indenture
– Broadway Villas Seniors Apartments Project]

U.S. BANK NATIONAL ASSOCIATION, a
national banking association

By _____

Waheed Karim
Vice President

EXHIBIT A

[RESERVED]

EXHIBIT B
FORM OF BOND

No. R-1

\$[]

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CITY OF LOS ANGELES
MULTIFAMILY HOUSING REVENUE BOND
(BROADWAY VILLAS SENIORS APARTMENTS PROJECT)
SERIES 2013B

THIS BOND IS A RESTRICTED SECURITY AND MAY BE TRANSFERRED ONLY AS PROVIDED HEREIN AND IN THE HEREIN DESCRIBED INDENTURE.

REGISTERED HOLDER: U.S. BANK NATIONAL ASSOCIATION

MAXIMUM PRINCIPAL AMOUNT: [] MILLION []
HUNDRED THOUSAND []
DOLLARS

Initial Bond Interest Rate
Floating Rate

Maturity Date
[] 1, [2046]
(Subseries 2013B-1)

Dated Date
[], 2013]

[] 1, 20[]
(Subseries 2013B-2)

[] 1, 20[]
(Subseries 2013B-3)

The City of Los Angeles (the "Issuer"), a municipal corporation and charter city of the State of California, for value received, promises to pay to the Registered Holder specified above, or registered assigns, but only from the Bond Fund established under the Indenture described below (the "Bond Fund"), and upon presentation and surrender hereof at the principal corporate trust office of the Trustee named below, the Principal Amount last appearing on the Principal Log attached hereto, on the respective Maturity Date specified above, or, if this Bond is redeemable as stated below, on a prior date on which it shall have been duly called for redemption, and to pay interest on said Principal Amount to the Record Date Holder hereof, as defined below, solely from the Bond Fund, at the Bond Interest Rates per annum specified in the Indenture, initially the Floating Rate, calculated on the basis of a 360-day year and the actual number of days elapsed, computed upon daily balances or as otherwise specified herein. Interest hereon shall be calculated as described in the Indenture on the principal amount advanced and outstanding hereunder as evidenced on Exhibit A hereto. Interest for any partial calendar month

shall be calculated on the basis of a 360-day year and the actual number of days elapsed. Principal and interest shall be payable on the first day of each month, commencing [] 1, 2013, or as otherwise specified herein and in the Indenture (each, a "Payment Date"). This Bond shall bear interest from the Dated Date specified above or (in the case of transfer or exchange) from the most recent Payment Date to which interest has been paid or provided for. The "Record Date Holder" is the person in whose name this Bond is registered (the "Holder" hereof) in the Bond Register maintained by Wells Fargo Bank, National Association, as Bond Registrar, or its successor either (a) on the fifteenth day of the month (whether or not a Business Day) next preceding each Payment Date (the "Record Date"), irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such Payment Date, or (b) if there shall be a default in payment of principal and interest due on such Payment Date, at the close of business on a date (the "Special Record Date") for the payment of such defaulted principal and interest established by notice mailed on behalf of the Issuer. Notice of the Special Record Date shall be mailed, not less than 15 days before the Special Record Date, to the Holder at the close of business on the fifth Business Day preceding the date of mailing. Principal and Interest shall be payable by check mailed to the Holder at his, her or its address as it appears on the Bond Register on the Record Date or the Special Record Date, as the case may be, except as otherwise provided in the Indenture. The principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

Notwithstanding anything contained herein to the contrary, during any period of time that Note A, Note B or Note C, as defined in the Indenture, bear interest at the Default Rate, as defined in the Indenture, the Bond shall also bear interest at the Default Rate. During any period of time that Note A, Note B or Note C bears interest at the Taxable Rate, as defined in the Indenture, the Bond shall also bear interest at the Taxable Rate.

THIS BOND IS NOT AN OBLIGATION, EITHER GENERAL OR SPECIAL, AND DOES NOT CONSTITUTE A PLEDGE OF THE GENERAL CREDIT OR TAXING POWER, OF THE CITY OF LOS ANGELES, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, BUT IS PAYABLE SOLELY FROM THE PROJECT REVENUES AND PROPERTY PLEDGED THEREFOR IN THE INDENTURE, AND NEITHER THE CITY OF LOS ANGELES, THE STATE OF CALIFORNIA NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON.

THIS BOND AND THE INTEREST THEREON IS A LIMITED OBLIGATION OF THE ISSUER PAYABLE EXCLUSIVELY FROM REVENUES AND RECEIPTS UNDER THE INDENTURE. THIS BOND DOES NOT CONSTITUTE A DEBT OF THE ISSUER, OR OF THE STATE OF CALIFORNIA, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, OR OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF. THIS BOND 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, BUT NOT OTHERWISE.

NO MEMBER, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THIS BOND, SHALL BE LIABLE PERSONALLY ON THIS BOND OR FOR ANY REASON RELATING TO THE ISSUANCE OF THIS BOND. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THIS BOND, OR FOR ANY CLAIM BASED ON THIS BOND, OR OTHERWISE IN RESPECT OF THIS BOND, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY MEMBER, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THIS BOND AND AS PART OF THE CONSIDERATION FOR THE ISSUE OF THIS BOND, EXPRESSLY WAIVED AND RELEASED.

THIS BOND HAS BEEN ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT, EACH HEREINAFTER DEFINED.

This Bond is the duly authorized Bond of the Issuer, issued in the maximum aggregate principal amount of \$[____], known as the Issuer's Multifamily Housing Revenue Bond (Broadway Villas Seniors Apartments Project) Series 2013B consisting of Sub-series 2013B-1, Sub-series 2013B-2 and Sub-series 2013B-3 (together, the "Bond"), issued in accordance with an Indenture of Trust dated as of [____] 1, 2013] (the "Indenture") among the Issuer, U.S. Bank National Association, as Bondowner Representative and Wells Fargo Bank, National Association, as trustee (the "Trustee"). This Bond is issued in accordance with Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") and pursuant to Section 248, as amended, of the City Charter of the Issuer and Article 6.3 of Chapter 1 of Division 11 of Los Angeles Administrative Code, as amended (the "Law"), and a resolution of the City Council of the Issuer. The Bond is issued for the purpose of making a loan of the proceeds thereof (the "Loan") to AMCAL Broadway Fund, L.P., a California limited partnership (the "Borrower"), under the provisions of a Loan Agreement dated as of [____] 1, 2013] (the "Loan Agreement") among the Issuer, the Borrower and U.S. Bank National Association, as Bondowner Representative, to finance the acquisition, construction and equipping of the Broadway Villas Seniors Apartments consisting of approximately 48 units of residential rental housing, plus one manager's unit, located at 9425 S. Spring Street in the City of Los Angeles, California (the "Project"). The Loan is evidenced by three promissory notes (collectively, the "Note") from the Borrower to the Issuer and endorsed without recourse by the Issuer to the Trustee. The Borrower has agreed to repay the Loan, together with interest thereon, in amounts and at times sufficient to pay the principal of, premium, if any, and interest on the Bond as the same shall become due and payable.

Pursuant to the Indenture, the Issuer has assigned and pledged to the Trustee, for the benefit of the Holder of the Bond, all of its right, title and interest (except Unassigned Rights) in and to the Loan Agreement and the Note. Pursuant to a Deed of Trust, Assignment of Leases

and Rents, Security Agreement and Fixture Filing filed with respect to the Project (the "Mortgage") dated as of [____], 2013 and executed by the Borrower for the benefit of the Issuer, as beneficiary, the Borrower has granted to the Issuer, for the benefit of the Holder of the Bond, a mortgage lien on and a security interest in the Project and the rents and leases thereof. The Mortgage may be released or modified in any respect upon compliance with certain conditions in the Mortgage and the Indenture.

Exhibit A, attached hereto, shall be used by the Trustee to record the payment of the purchase price of the Bond, and each sub-series therein, from time to time (such purchase price to be paid from time to time by the Holder of the Bond as provided in the Indenture and the Loan Agreement) and the redemption or payment of principal of the Bond from time to time. The Trustee shall not accept any funds as the purchase price of the Bond, nor shall the Trustee pay to the Holder of the Bond any payment of the principal amount thereof, without making an appropriate notation on Exhibit A. The total amount outstanding under the Bond may not exceed \$[____] at any time, and no portion of the purchase price therefor shall be accepted after December 31, 2016.

Reference is hereby also made to the Loan Agreement, the Indenture and the Mortgage, including all supplements thereto, for a description of the property encumbered and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights of the Issuer, and the rights, duties and obligations of the Borrower, the Trustee and the Holder of the Bond, and the terms upon which the Bond is issued and secured.

This Bond is subject to redemption prior to maturity as follows:

(a) ***Extraordinary Redemption.***

(i) This Bond is subject to mandatory redemption, in whole or in part, on any Business Day, in the event and to the extent of funds received from the Borrower representing a mandatory prepayment of principal under the Note, at a redemption price equal to the principal amount thereof plus accrued interest and plus any premium remitted therewith as required by the Note.

(ii) This Bond is subject to redemption in whole, on any Business Day, in the event the Trustee receives written notice from the Issuer or the Bondowner Representative of a Determination of Taxability, at a redemption price equal to the principal amount thereof, plus accrued interest thereon.

(b) ***Optional Redemption.*** This Bond is subject to redemption at the option of the Borrower, in whole or in part, as and to the extent permitted by the Note, on the first day of any month, in the event and to the extent of funds received from the Borrower representing an optional prepayment of principal at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date and plus any premium remitted therewith as required by the Note, with the Borrower designating in writing to the Trustee the sub-series of the Bond to which such optional prepayment shall be applied.

(c) **Mandatory Sinking Fund Redemption.** Sub-series 2013B-1 and Sub-series 2013B-2 of this Bond shall be subject to mandatory sinking fund redemption, on the first day of each month commencing on the first day of the month next following the Fixed Rate Commencement Date in an amount equal to the principal amortization of the Loan paid as a scheduled payment on both Note A and Note B at a redemption price equal to the principal amount of the Bond redeemed plus accrued but unpaid interest to the redemption date.

(d) **Mandatory Redemption on Conversion Date.** [Sub-series 2013B-3 of] this Bond is subject to mandatory redemption in part on the Conversion Date, at a redemption price equal to the principal amount of Bond redeemed plus accrued but unpaid interest to the redemption date, in the amount of \$[5,979,629] or such greater or lesser amount as may be directed by the Bondowner Representative by written notice to the Issuer and the Trustee.

(e) **[Reserved].**

(f) **Mandatory Redemption Due to Failure To Convert.** If the Conversion Date does not occur prior to the Mandatory Conversion Date (as such date may be extended pursuant to the Loan Agreement), this Bond shall be subject to redemption in whole on the Mandatory Conversion Date at a redemption price equal to the entire principal amount of Bond redeemed plus accrued but unpaid interest to the redemption date and any prepayment premium specified by the Note. For purposes of ensuring compliance with the provisions of the Code, in no event shall the Mandatory Conversion Date be extended to a date later than [] 1, [2016].

(g) **Mandatory Redemption Upon Loan Agreement or Other Loan Document Default.** This Bond is subject to mandatory redemption in whole upon the occurrence of an event of default under the Loan Agreement or any other Loan Document (subject to all applicable notice and cure provisions) at the written direction of the Bondowner Representative at a redemption price equal to the principal amount of the Bond then Outstanding, plus accrued interest thereon to the date of redemption.

If the Bond or any portion thereof is redeemed (other than pursuant to the above-referenced mandatory sinking fund redemption schedule) or purchased and canceled by the Trustee and not theretofore applied as a credit against any redemption of the Bond pursuant to the above-referenced mandatory sinking fund redemption schedule, the Trustee shall apply the principal amount of the Bond redeemed or purchased and canceled for credit against the principal installments to be paid pursuant to the mandatory sinking fund redemption schedule in such manner as the Bondowner Representative determines so as to as nearly as possible maintain level principal and interest payments on the Bond to the Maturity Date.

Notice of Redemption

No advance notice of redemption of this Bond shall be required. Notice of redemption shall be provided to the Bondowner immediately upon receipt by the Trustee of funds to be used for such redemption except in the case of an extraordinary redemption due to a Determination of

Taxability or a mandatory redemption upon Loan Agreement or Mortgage Default, in which case notice of redemption shall be given upon receipt by the Trustee of written notice from the Bondowner Representative of a Loan Agreement or Mortgage Default or any other Loan Document or the occurrence of a Determination of Taxability, as appropriate. No defect in or failure to give notice shall affect the validity of the proceedings for redemption of the Bond. Such notice, which shall be prepared by the Trustee at the expense of the Borrower, shall state the subsection under the Indenture pursuant to which the Bond is being called for redemption and shall specify the date on which and the place where it shall be presented for redemption. Except as specifically provided in the Indenture and provided sufficient funds are on deposit with the Trustee with respect to such redemption, the portion of the Bond thus called for redemption shall cease to bear interest from and after the specified redemption and the Bondholder shall have no further rights with respect to the redeemed portion of this Bond or under the Indenture except to receive the redemption price of such Bond.

Method of Redemption

(a) The Trustee shall redeem the Bond or a portion thereof under paragraph (a)(ii) or (g) above only if it has received immediately available funds sufficient for such purpose on or prior to the redemption date.

(b) If the Bond is redeemed pursuant to paragraph (a)(ii) or (g) above, payment of the redemption price shall be deemed made by the Trustee's and the Issuer's absolute assignment to the Bondowner of all right, title and interest of the Issuer and the Trustee in and to the Loan Documents. Such assignment shall constitute full and complete satisfaction of all obligations of the Issuer to the Bondholder under the Indenture.

(c) If this Bond is mandatorily redeemed in part, payments of principal shall first be applied to retire Sub-series 2013B-3, then to retire Sub-series 2013B-2 and finally to retire Sub-series 2013B-3. In such case, the Trustee shall make an appropriate notation on the principal log maintained at its Principal Corporate Trust Office in the form attached to the Bond indicating the portion, and sub-series of the Bond redeemed.

In connection with any partial redemption, other than a mandatory sinking fund redemption, this Bond shall be surrendered to the Trustee and the Trustee shall make an appropriate notation on the principal log attached thereto indicating the portion of the Bond redeemed.

Business Day Payments

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a day which is not a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such later date shall have the same force and effect as if made on the nominal date for payment.

Enforcement; Modification of Indenture and Loan Documents

The Holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Loan Agreement. Modifications or alterations of the Indenture, of any indenture supplemental thereto or of Loan Documents may be made only to the extent and in the circumstances permitted by the Indenture but only with the prior consent of the Bondowner Representative.

Denomination; Exchange; Treatment of Registered Holder

This Bond is issued as a single fully registered bond without coupons. This Bond may be exchanged by the Holder for another Bond, upon surrender thereof by the Holder at the principal corporate trust office of the Bond Registrar, in the manner and subject to the limitations provided in the Indenture. The Issuer, the Trustee, the Bond Registrar and any Paying Agent may deem and treat the Holder of the Bond as the absolute owner of the Bond (whether or not the Bond shall be overdue) for the purpose of receiving payment on the Bond (except as otherwise hereinabove provided with respect to the Record Date and Special Record Date) and for all other purposes, and the Issuer, the Trustee, the Bond Registrar and the Paying Agent shall not be affected by any notice to the contrary.

Registration of Transfer

The transfer of this Bond is subject to certain restrictions as provided in the Indenture and described below and to registration by the Holder in person or by the Holder's attorney hereof upon surrender of this Bond at the principal corporate trust office of the Bond Registrar, duly endorsed or accompanied by a written instrument or instruments of transfer in the form printed on this Bond or in another form satisfactory to the Bond Registrar and executed and with guaranty of signature by the Holder hereof or his, her or its attorney duly authorized in writing, containing written instructions as to the details of the registration of the transfer of this Bond. Thereupon the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver in the name of the transferee or transferees (but not registered in blank or to "bearer" or a similar designation), a new Bond.

This Bond may be transferred, as a whole but not in part, to a new Bondholder only upon receipt by the Registrar, the Issuer and the Trustee of evidence that such Bond is being transferred to a "qualified institutional buyer" (as defined in Rule 144A promulgated under the Securities Act of 1933, as amended). Except as otherwise provided in the Indenture, the Bond Registrar shall not register any transfer or exchange of the Bond unless such Bondholder's prospective transferee delivers to the Trustee an investor's letter substantially in the form set forth in Exhibit C to the Indenture and obtains the prior written consent of the Issuer.

Service Charges; Taxes

No service charge shall be made to the Holder for any registration, transfer or exchange, but the Bond Registrar and the Issuer may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of the Bond, other than exchanges expressly provided in the Indenture to be made without charge to the Holder, and any legal or other unusual costs of transfers and lost bonds.

Acceleration; Default

No default by the Borrower under any of the Loan Documents shall constitute a default under the Indenture. The Bond is not subject to acceleration upon any Borrower default, although it may be redeemed as provided in the Indenture.

Governing Law

This Bond shall be governed by and construed in accordance with the laws of the State of California. This Bond is issued pursuant to the Law and in accordance with the Act.

Indenture Controlling; Consent

The terms of this Bond are subject in all respects to the terms of the Indenture. If there is a conflict between the provisions of this Bond and the Indenture, the Indenture shall control. By acceptance of this Bond, the registered owner hereof hereby consents to the terms of the Indenture and the Loan Documents.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution, delivery and issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, including the Law and the Act.

The Issuer has caused this Bond to be duly executed in its name by the facsimile signature of its Mayor under its official seal, or a facsimile, and attested by the facsimile signature of its City Treasurer all as of the date first written above.

CITY OF LOS ANGELES

City Treasurer

By _____
Mayor

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Bond is the Bond described in the within mentioned Indenture.

Date of Authentication: _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Bond Registrar

By _____
Name _____
Title _____

(Form of Assignment)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ (Please Print or Typewrite Name and Address) (Please Insert Social Security or Other Identifying Number of Assignee: _____) the within Bond and all rights and title therein, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature guaranteed

(Registered Owner)

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

NOTICE: The signature(s) to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to the applicable laws or regulations.

TEN COM
TEN ENT
JT TEN

as tenants in common
as tenants by the entirety
as joint tenants with rights of
survivorship and not as tenants in
common

UNIF GIFT MIN ACT _____
(Minor)

Custodian _____
(Cust)

Under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

EXHIBIT A

PRINCIPAL LOG

Purchase Amount	Purchase Date	Redemption or Payment Amount	Redemption Date	Outstanding Principal of Sub-Series \$[AMOUNT]	Trustee Initials
\$[AMOUNT]	[DATE]				

EXHIBIT C

FORM OF INVESTOR'S LETTER

[DATE]

City of Los Angeles
Los Angeles, California

Kutak Rock LLP
Omaha, Nebraska

Wells Fargo Bank, National Association, as trustee
Los Angeles, California

\$()
City of Los Angeles
Multifamily Housing Revenue Bond
(Broadway Villas Seniors Apartments Project)
Series 2013B

Ladies and Gentlemen:

The undersigned (the "Investor") hereby represents and warrants to you as follows:

1. The Investor proposes to purchase all of the aggregate principal amount of the above-referenced bond (the "Bond") issued pursuant to that certain Indenture of Trust, dated as of [1, 2013] (the "Indenture"), between the City of Los Angeles (the "Issuer"), Wells Fargo Bank, National Association, as trustee (the "Trustee"), and U.S. Bank National Association, as Bondowner Representative. The Investor understands that the Bond is not rated by any securities rating agency and are secured only by the Broadway Villas Seniors Apartments and the revenues therefrom, and will be sold to the Investor in reliance upon the representations and warranties of the Investor set forth herein. The Investor acknowledges that no offering document has been prepared in connection with the issuance and sale of the Bond. The Investor has requested and received all materials which the Investor has deemed relevant in connection with its purchase of the Bond (the "Offering Information"). The Investor has reviewed the documents executed in conjunction with the issuance of the Bond, including, without limitation, the Indenture and the Loan Documents, as defined in the Indenture. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

2. The Investor hereby waives the requirement of any "due diligence investigation or inquiry" by the Issuer, by each employee of the Issuer, by each member of the City Council of the Issuer, and by counsel to the Issuer, the Trustee, counsel to the Trustee and Bond Counsel in connection with the authorization, execution, delivery of the Bond and Investor's purchase of the Bond. The Investor recognizes and agrees that the Issuer, each employee of the Issuer, each member of the City Council of the Issuer, counsel to the Issuer, the Trustee, counsel to the Trustee and Bond Counsel have made no representations or statements (expressed or implied) with respect to the accuracy or completeness of any of the materials reviewed by the Investor in

connection with the Investor's purchase of the Bond. In making an investment decision, the Investor is relying upon its own examination of the Issuer, the Borrower, the Project and the terms of the offering.

3. The Investor has been provided an opportunity to ask questions of, and the Investor has received answers from, representatives of the Issuer and the Borrower regarding the terms and conditions of the Bond, and the Investor has obtained all additional information requested by it in connection with the Bond.

4. The Investor has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bond in particular, and is capable of evaluating the merits and risks involved in an investment in the Bond. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bond.

5. The Investor is purchasing the Bond solely for its own account for investment purposes and, except as contemplated by the Indenture, has no present intention to resell or distribute the Bond, provided that the Investor reserves the right to transfer or dispose of the Bond in whole (but not in part), at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 6 through 8 of this Letter. The Investor hereby agrees that the Bond may only be transferred in whole. Nothing contained herein shall restrict, limit or otherwise affect the right of any owner of the Bond to sell or otherwise transfer the Bond, except as specifically provided in paragraph 9 below.

6. The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "1933 Act"); (ii) in accordance with any applicable state securities laws; and (iii) in accordance with the transfer restrictions set forth in the Bond and the Indenture. The Investor further agrees that the Bond will not be transferred to or held in a pool, trust or similar arrangement, except as otherwise expressly provided in the Indenture. The Investor acknowledges that, except as otherwise set forth in the Indenture, written consent of the Issuer is required in order to transfer the Bond.

7. The Investor is a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933 ("Rule 144A"); it understands that the Bond may be offered, resold, pledged or transferred only to a person who is a "qualified institutional buyer," as defined in Rule 144A ("QIBs"), in compliance with Rule 144A.

8. If the Investor sells the Bond (or any legal or beneficial interest therein), the Investor or its agent will obtain for the benefit of each of you from any subsequent purchaser an Investor Letter in the form of this letter or such other materials as are required by the Bond and the Indenture to effect such sale and purchase. The Investor understands and agrees that the Trustee is not authorized to register any transfer of the Bond prior to receipt of such Investor Letter.

9. The Investor is not, except as otherwise disclosed herein, related to or affiliated with the Borrower, the General Partner or the Investor Limited Partner, and will not transfer

participation interests in the Bond to a party related to or affiliated with the Borrower, the General Partner or the Investor Limited Partner.

10. Neither the Trustee, the Bond Counsel to the Issuer, the Issuer, its governing body, or any of its employees or agents will have any responsibility to the Investor for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Project, the Issuer, the Borrower or their financial conditions or regarding the Bond, the provisions for payment thereof, or the sufficiency of any security therefor, including, without limitation, any information specifically provided by any of such parties contained in the offering Information. The Investor acknowledges that, as between Investor and all of such parties: (a) the Investor has assumed responsibility for obtaining such information and making such review as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bond and (b) the Offering Information and any additional information specifically requested from the Issuer or the Borrower and provided to the Investor prior to closing constitute all the information and review, with the investigation made by Investor (including specifically the Investor's investigation of the Issuer, the Project and the Borrower) prior to its purchase of the Bond, that Investor has deemed necessary or desirable in connection with its decision to purchase the Bond.

11. The Investor understands that (a) the Bond has not been registered with any federal or state securities agency or commission and (b) no credit rating has been sought or obtained with respect to the Bond, and the Investor acknowledges that the Bond is a speculative investment and that there is a high degree of risk in such investment.

12. The Investor acknowledges that the Bond is a limited obligation of the Issuer, payable solely from amounts provided by or at the direction of the Borrower, and is not an obligation payable from the general revenues or other funds of the Issuer, the State of California or any other political subdivision of the State of California. The Investor acknowledges that the Issuer is issuing the Bond on a conduit, nonrecourse basis, and has no continuing obligations with respect thereto except as expressly set forth in the Indenture.

13. The undersigned is a duly appointed, qualified and acting officer of the Investor and authorized to make the certifications, represents and warranties contained herein.

Very truly yours,

[PURCHASER], as Purchaser

By _____
Name _____
Title _____

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

KUTAK ROCK LLP
07/19/13

KUTAK ROCK LLP
1650 FARNAM STREET
OMAHA, NE 68102
ATTENTION: J. TOGER SWANSON, ESQ.

**REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS**

by and among

CITY OF LOS ANGELES,
as City
and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

and

AMCAL BROADWAY FUND, L.P.
as Borrower
and

[CITY OF LOS ANGELES]
as Fee Owner

relating to

\$[]
City of Los Angeles
Multifamily Housing Revenue Bond
(Broadway Villas Seniors Apartments)
Series 2013B

Dated as of [] 1], 2013

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**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this "Agreement" or this "Regulatory Agreement") is made and entered into as of [_____] 1], 2013 by and among the **CITY OF LOS ANGELES**, a charter city and municipal corporation in the State of California (together with any successor to its rights, duties and obligations, the "City"), **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association in its capacity as Trustee (the "Trustee") under the Indenture of Trust dated as of [_____] 1], 2013 (the "Indenture") by and among the City, U.S. Bank National Association as Bondowner Representative and the Trustee, with an office in Los Angeles, California, and **AMCAL BROADWAY FUND, L.P.**, a California limited partnership (the "Borrower") and the **CITY OF LOS ANGELES** (the "Fee Owner").

WITNESSETH:

WHEREAS, pursuant to Section 248 of the City Charter of the City and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (collectively, the "Law"), and in accordance with Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California, as amended (the "Act"), the City is empowered to issue bonds and other evidence of indebtedness to finance the acquisition, construction and equipping of multifamily rental housing; and

WHEREAS, on December 28, 2010, the City, acting through the Los Angeles Housing Department, indicated its intent to provide for the issuance of revenue bonds to finance a portion of the acquisition, construction and equipping of Broadway Villas Seniors Apartments, a multifamily residential rental housing project to be located in the City of Los Angeles at 9425 S. Spring Street (formerly, 9402-9422 S. Broadway), Los Angeles, California, on the site more particularly described in Exhibit A hereto (the "Project") and the City Council subsequently adopted a resolution (the "Resolution") authorizing the issuance of a bond for such purpose; and

WHEREAS, the Fee Owner has leased the site described in Exhibit A to the Borrower pursuant to a Ground Lease dated as of [_____] 1], 2013 between the Borrower and Fee Owner; and

WHEREAS, in furtherance of the purposes of the Law, the Act and the Resolution, and as a part of the City's program of financing housing, the City has issued \$[[_____] aggregate maximum principal amount of its Multifamily Housing Revenue Bond (Broadway Villas Seniors Apartments) Series 2013B comprised of three subseries (the "Bond") the proceeds of which will be used to fund a loan evidenced by three promissory notes (the "Loan") to the Borrower to finance the acquisition, construction and equipping of the Project; and

WHEREAS, in order for interest on the Bond to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"), and the income tax regulations (the "Regulations") and rulings with respect to the Code, and in order to comply with the Law, the Act and the policies with respect to the City's housing program, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the City, the Trustee, the Fee Owner and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction and equipping of the Project and in order to ensure that the Project will be used and operated in accordance with the Code, the Law, the Act and the additional requirements of the City;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the City, the Trustee and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. Terms not otherwise defined herein shall have the meanings assigned thereto in the Indenture. The following terms shall have the respective meanings assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

"Act" means Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as the same may be amended from time to time (but only to the extent any such amendments, by their terms or by appropriate election of the City, apply to the Bond outstanding as of the effective date of such amendments).

"Adjusted Income" means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) calculated pursuant to Section 142(d)(2)(B) of the Code.

"Affiliated Party" means a limited or general partner or member of the Borrower, a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or a person who, together with the Borrower, is a member of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein).

"Agreement" or *"Regulatory Agreement"* means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be amended from time to time.

"Area" means the Los Angeles Primary Metropolitan Statistical Area.

"Authorized Borrower Representative" means any person who, at any time and from time to time, may be designated as the Borrower's authorized representative by written certificate furnished to the City and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates, or in the event that such term shall refer to successors or assigns of the Borrower, any authorized general partner if the successor or the assignee is a general or limited partnership, any authorized managing member if the successor or assignee is a limited liability company or any authorized officer if the successor or the assignee is a corporation. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an

Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the City) a written certificate identifying a different person or persons to act in such capacity.

"Bond" means the City's Multifamily Housing Revenue Bond (Broadway Villas Seniors Apartments) Series 2013B, authorized, authenticated and delivered under the Indenture, as defined in the recitals hereto.

"Bond Counsel" means an attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and the Tax-exempt nature of interest on, obligations issued by states and their political subdivisions, selected by the City and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia but shall not include counsel for the Borrower or the Trustee.

"Bond Documents" means the Indenture, the Loan Agreement, this Regulatory Agreement, the Tax Certificate and any other document (other than Loan Documents) now or hereafter executed by the Borrower, City, Trustee, Bondholder or Bondowner Representative in connection with the Bond.

"Bondholder" or *"Owner"* or *"Holder"* means the party identified as the owner of the Bond on the registration books maintained by the Trustee on behalf of the City.

"Borrower" means AMCAL Broadway Fund, L.P., a California limited partnership, and its successors and assigns.

"CDLAC" means the California Debt Limit Allocation Committee or its successors.

"CDLAC Conditions" has the meaning set forth in Section 7(d) hereof.

"Certificate of Continuing Program Compliance" means the Certificate of Continuing Program Compliance and Statistical Report to be filed by the Borrower with the City and the Trustee at the times specified in Sections 4(d) and (f) of this Regulatory Agreement, such report to contain the information set forth in and to be in substantially the form attached hereto as Exhibit B or such other form as may from time to time be prescribed by the City.

"City" means the City of Los Angeles, a charter city and municipal corporation of the State of California.

"Closing Date" or *"Bond Closing Date"* means the date upon which the Bond is initially funded in an amount equal to at least \$50,001.

"Code" means the Internal Revenue Code of 1986; each reference to the Code shall be deemed to include (a) any successor internal revenue law and (b) the applicable regulations whether final, temporary or proposed under the Code or such successor law.

"Completion Date" means the date of the completion of the acquisition, construction and equipping of the Project, as that date shall be specified in the Construction Completion Certificate.

"Construction Completion Certificate" means a written certification signed by an Authorized Representative of the Borrower confirming that prior to the date which is 36 months after the Closing Date, setting forth the matters described in Section 2(i) of this Regulatory Agreement.

"Costs of Issuance" means costs of issuing the Bond as set forth in the Indenture.

"Determination of Taxability" means either (a) refusal by the Borrower to consent to any amendment or supplement hereto or to the Indenture which, in the opinion of Bond Counsel, is necessary or advisable to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes; or (b) any of (i) the enactment of applicable legislation of which the Trustee has actual knowledge, (ii) a final judgment or order of a court of original or appellate jurisdiction of which the Trustee has actual knowledge, (iii) a final ruling or decision of the Internal Revenue Service of which the Trustee has actual knowledge or (iv) the filing with the Trustee of an opinion of Bond Counsel, in each case to the effect that the interest on the Bond (other than interest on the Bond for any period during which the Bond is held by a "substantial user" of any facility financed with the proceeds of the Bond or a "related person," as such terms are used in Section 147(a) of the Code) is includable in the gross incomes of all recipients thereof for federal income tax purposes. With respect to the foregoing, a judgment or order of a court or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal has expired.

"Hazardous Materials" means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls ("PCBs") and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Project is prohibited by any federal, state or local authority; any substance that requires special handling and any other material or substance now or in the future that (i) is defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," or "pollutant" by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.

"Hazardous Materials Laws" means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials or the protection of human health or the environment and apply to Borrower or to the Project. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601,

et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et seq., and their state analogs.

"Housing Act" means the United States Housing Act of 1937, as amended, or its successor.

"Income Certification" means, initially, a Verification of Income in the form attached hereto as Exhibit C or in such other form as may from time to time be provided by the City to the Borrower and, with respect to recertifications, the Income Certification attached hereto as Exhibit D or such other form as may, from time to time, be provided by the City to the Borrower.

"Indenture" means the Indenture of Trust dated as of [_____] 1], 2013 by and among the City, U.S. Bank National Association as Bondowner Representative and the Trustee relating to the issuance of the Bond, as amended, modified, supplemented or restated from time to time.

"Inducement Date" means December 28, 2010.

"Loan" means the loan of the sale proceeds of the Bond by the City to the Borrower pursuant to the Loan Agreement for the purpose of providing funds for the acquisition, construction and equipping of the Project.

"Loan Agreement" means the Loan Agreement, dated as of [_____] 1], 2013, among the Bondowner Representative, the City and the Borrower, as amended or supplemented from time to time.

"Low Income Tenant" means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of lower-income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as lower income shall be [60]% of median gross income for the Area with adjustments for family size. Except as otherwise provided herein, the occupants of a unit in the Project shall not be considered to be Low Income Tenants if all the occupants of a unit are students (as defined in Section 152(f)(2) of the Code) and any one of those students is not (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State, or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act) or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents. The determination of a tenant's status as a Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such Tenant and annually thereafter and at any time the Borrower has knowledge that the number of occupants in that unit has increased, on the basis of an Income Certification executed by the tenant.

"Low Income Units" means the units in the Project required to be rented to, or held available for occupancy by, Low Income Tenants pursuant to Sections 4(a), 4(b) and 6(a) hereof.

"Net Proceeds" means the total proceeds derived from the issuance, sale and delivery of the Bond, representing the total purchase price of the Bond, including any premium paid as part of the purchase price of the Bond, but excluding the accrued interest, if any, on the Bond paid by the initial purchaser of the Bond.

"Project" means the Project Facilities and the Project Site.

"Project Costs" means, to the extent authorized by the Code, the Regulations, the Law and the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction and equipping of the Project, whether paid or incurred prior to or after the Inducement Date, including, without limitation, costs for site preparation, the planning of housing, related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, including Qualified Project Costs, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors' and developer's overhead and supervisors' fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or other entity or person for expenditures made, with the approval of the City, for the Project).

"Project Facilities" means the buildings, structures and other improvements on the Project Site to be acquired, constructed or improved by the Borrower, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements constituting the Project. Project Facilities do not include retail sales facilities, leased office space, commercial facilities or recreational, fitness, parking or business facilities available to members of the general public.

"Project Site" means the parcel or parcels of real property having the street address of 9425 S. Spring Street (formerly, 9402-9422 S. Broadway) in the City of Los Angeles, California and all rights and appurtenances thereunto appertaining, as more particularly described in Exhibit A hereto.

"Qualified Project Costs" means the Project Costs (excluding issuance costs) incurred not earlier than the date 60 days prior to the Inducement Date which either constitute land or property of a character subject to the allowance for depreciation under Section 167 of the Code, or are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Bond during the construction of the Project shall constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing on or after the Completion Date shall not be Qualified Project Costs; and provided finally that if any portion of the Project is being constructed by the Borrower or an Affiliated Party (whether as a general contractor or a subcontractor), "Qualified Project Costs" shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such Affiliated Party in constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory

services actually rendered by the Borrower or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute "Qualified Project Costs" unless, at the time Bond proceeds are expended to pay such costs, the Borrower and the seller of such assets are not "related parties" as such term is defined in Section 1.150-1(b) of the Regulations.

"Qualified Project Period" means the period beginning on the first day on which 10% of the dwelling units in the Project are first occupied and ending on the latest of (a) the date which is 15 years after the date on which 50% of the dwelling units in the Project are first occupied, (b) the first date on which no tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding or (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates. The CDLAC Conditions apply for a period which, in some cases, exceeds the Qualified Project Period.

"Regulations" means the Income Tax Regulations promulgated or proposed (if deemed appropriate in the opinion of Bond Counsel) by the Department of the Treasury pursuant to the Code from time to time.

"Tax Certificate" means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated the Closing Date, executed and delivered by the City and the Borrower, as amended, modified, supplemented or restated from time to time.

"Tax-exempt" means, with respect to interest on any obligations of a state or local government, including the Bond, that such interest is excluded from gross income for federal income tax purposes (other than interest on the Bond for any period during which the Bond is held by a "substantial user" of any facility financed with the proceeds of the Bond or a "related person," as such terms are used in Section 147(a) of the Code); provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

"Trustee" means Wells Fargo Bank, National Association in its capacity as Trustee under the Indenture, together with its successors and assigns.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender and words of the singular number shall be construed to include the plural number, and

vice versa. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Acquisition, Construction and Equipping of the Project. The Borrower hereby represents as of the date hereof, covenants and agrees with the City and the Trustee as follows:

(a) The Borrower has incurred, or will incur within six months after the Closing Date, a substantial binding obligation to commence the acquisition and construction of the Project, pursuant to which the Borrower is or will be obligated to expend at least 5% of the proceeds of the Loan financed from proceeds of the Bond.

(b) The Borrower's reasonable expectations respecting the total cost of the acquisition and construction of the Project are accurately set forth in the Borrower Cost Certificate submitted to the City on the Closing Date.

(c) The Borrower has acquired the Project Site and will, within six months following the Bond Closing Date, commence the construction of the Project and will proceed with due diligence to complete the same. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute "Qualified Project Costs" unless, at the time Bond proceeds are expended to pay such costs, the Borrower and the seller of such assets are not "related parties" as such term is defined in Section 1.150-1(b) of the Regulations. The Borrower reasonably expects to complete the construction of the Project and to expend the full amount of the proceeds of the Loan for Project Costs prior to the date which is 30 months after the Closing Date.

(d) The Borrower agrees that the full amount of each disbursement of Bond proceeds pursuant to the Indenture and the Loan Agreement will be applied to pay or to reimburse the Borrower for the payment of Project Costs and that, after taking into account each such disbursement, (i) the aggregate disbursements of Bond proceeds will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an aggregate amount equal to 97% or more of the aggregate disbursements of the Loan; provided, however, that if the Borrower provides the Trustee with an opinion of Bond Counsel to the effect that the Tax-exempt status of interest on the Bond will not be adversely affected if less than the aforesaid percentage, but not less

than 95%, is disbursed for such purpose, then the certificate may refer to such lesser percentage as may be specified by Bond Counsel; and (ii) less than 25% of the proceeds of the Bond expended relative to the Project Site will be disbursed to pay or to reimburse the Borrower for the cost of acquiring land or rights with respect to land relative to the Project Site (exclusive of the cost of acquiring improvements on such land).

(e) On the Completion Date of the Project, the Borrower will submit to the City and the Trustee a duly executed and completed Construction Completion Certificate as provided in Section 2(i) hereof.

(f) No proceeds of the Bond will be used to pay or reimburse any cost (i) incurred more than sixty days prior to the Inducement Date, or (ii) incurred more than three years prior to such payment or reimbursement. Any allocation of Bond proceeds to the reimbursement of previously incurred costs shall be made not later than 18 months after the later of (i) the date the original expenditure was paid or (ii) the date the Project is placed in service or abandoned. The acquisition, construction and equipping of the Project by the Borrower commenced less than 60 days prior to the Inducement Date, and as of 60 days prior to the Inducement Date (A) neither the Borrower nor any related person (as such phrase is defined in Section 147(a)(2) of the Code) has made any expenditure in connection with the acquisition, construction or equipping of the Project, (B) no on-site work has been commenced by the Borrower or any related person in connection with the construction of the Project, and (C) no off-site fabrication of any portion of the Project has been commenced by the Borrower or any related person. The Project consists, and shall at all times consist, of property which is land or is subject to the allowance for depreciation provided in Section 167 of the Code.

(g) [reserved]

(h) The Borrower (and any Affiliated Party) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the Loan to be applied in a manner contrary to the requirements of this Regulatory Agreement, nor will it take or omit to take any such action if the Borrower (or any Affiliated Party) knows that such action or omission may cause the proceeds from the sale of the Bond to be applied in a manner contrary to the Indenture, the Loan Agreement, the Law, the Act or the Code.

(i) The Borrower shall, on the Completion Date, evidence the Completion Date by providing a Construction Completion Certificate to the Trustee and the City, signed by the Authorized Borrower Representative, stating the total cost of the Project and identifying the total acquisition cost (which shall specify the costs attributable to land and the costs attributable to buildings) and the total Qualified Project Costs and further stating that (A) construction of the Project has been completed substantially in accordance with the plans, specifications and work orders therefor, and all labor, services, materials and supplies used in construction have been paid for and (B) all other facilities necessary in connection with the Project have been acquired, constructed and installed substantially in accordance with the plans, specifications, work write-up and work orders therefor and all costs and expenses incurred in connection therewith have been paid.

Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Borrower against third parties for the payment of any amount not then due and payable which exist at the date of such certificate or which may subsequently exist.

(j) The foregoing certificate evidencing the Completion Date shall be delivered to the Trustee no later than the date 30 months from the Closing Date unless the Borrower delivers to the Trustee a certificate of the City consenting to an extension of such date, accompanied by an opinion of Bond Counsel to the effect that such extension will not result in interest on the Bond being included in gross income for federal income tax purposes. The Borrower agrees to spend additional moneys for payment of any costs of the Project sufficient to reduce the portion of Bond proceeds (A) spent on land by the Borrower relative to the Project Site to an amount that is less than 25% of the amount of Bond proceeds spent by the Borrower relative to the Project Site for all purposes and (B) spent on costs of the Project paid or incurred by or on account of the Borrower or any related person (as such term is used in Section 147(a)(2) of the Code) on or after the date 60 days prior to the Inducement Date and chargeable to the capital account of the Project (or so chargeable either with a proper election by the Borrower to deduct such amounts, within the meaning of Treasury Regulation 1.103-8(a)(1)) so that the amount of Bond proceeds expended on such Qualified Project Costs are at least 97% of the amount of Bond proceeds spent for all purposes related to the Project, except that, upon receipt by the Borrower, the Trustee and the City of an approving opinion of Bond Counsel, the percentage of such amounts so used may be 95%.

(k) No Bond proceeds shall be expended to acquire any structures other than buildings within the meaning of Section 147(d) of the Code.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Project is to be owned, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the Qualified Project Period, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project Facilities will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project Facilities as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, the Law and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. For purposes of this Subsection 3(a), the term "functionally related and subordinate facilities" includes facilities for use by the tenants (for example, swimming pools, other recreational facilities and parking areas) and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment and units for resident managers and maintenance personnel. Substantially all of the Project will contain such units and functionally related and subordinate facilities.

(b) All of the dwelling units in the Project will be similarly constructed units, and each Low Income Unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range and oven, a sink and a refrigerator.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park. Notwithstanding the foregoing, single-room occupancy units provided under Section 42(i)(3)(B)(iv) of the Code shall not be considered to be utilized on a transient basis.

(d) No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than filing a condominium map and a final subdivision map on the Project and obtaining a Final Subdivision Public Report from the California Department of Real Estate, the Borrower shall not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period.

(e) All of the dwelling units will be available for rental on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to Low Income Tenants, and persons 62 years of age and older and except as further provided in any regulatory agreement executed between the Borrower and a subordinate lender (including the City) in connection with the Project and except to the extent the Borrower gives preference to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Borrower; provided, however, that if the Project contains five or more dwelling units, this subsection shall not be construed to prohibit occupancy of not more than one dwelling unit by one or more resident managers or maintenance personnel any of whom may be the Borrower.

(h) The Project shall be maintained in conformity with the habitability and fire codes of the City of Los Angeles.

(i) The Project shall be managed in a manner consistent with prudent property management standards and in compliance with all state and local laws, ordinances and regulations relating thereto.

(j) Should involuntary noncompliance with the provisions of Regulations Section 1.103-8(b) be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the City from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, and subject to the provisions of the Indenture and the Loan Agreement, it will either prepay the Loan or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

Section 4. Low Income Tenants; Records and Reports. Pursuant to the requirements of the Code and the City, the Borrower hereby represents, warrants and covenants as follows:

(a) The Project will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with the Law and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. Within 30 days after each of (i) the date on which 10% of the dwelling units in the Project are occupied by tenants providing an Income Certification and (ii) the date on which 50% of dwelling units in the Project are occupied by tenants providing an Income Certification, the Borrower shall execute and deliver to the City (with a copy to the Los Angeles Housing Department, Occupancy Monitoring Section, 1200 West 7th Street, 9th Floor, Los Angeles, CA 90017), the Bondowner Representative and the Trustee a certificate identifying such dates and the beginning date and earliest ending date of the Qualified Project Period. The Borrower shall use its best efforts to record a copy of such certificates in the Office of the County Recorder of the County of Los Angeles, California.

(b) Commencing on the first day of the Qualified Project Period, Low Income Tenants shall occupy at least [40]% of all completed and occupied units in the Project (excluding units occupied by property managers) before any additional units are occupied by persons who are not Low Income Tenants; and for the Qualified Project Period no less than [40]% of the total number of completed units of the Project shall at all times be rented to and occupied by Low Income Tenants. For the purposes of this paragraph (b), a vacant unit which was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined. In determining whether the requirements of this subsection (b) have been met, fractions of units shall be treated as entire units.

(c) No tenant qualifying as a Low Income Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Low Income Tenants; provided, however, that should a Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a

Low Income Tenant of the same family size, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant; and provided further that, until such next available unit is rented to a tenant who is not a Low Income Tenant, the former Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant for purposes of the [40]% requirement of paragraph (b) of this Section 4 (if applicable). If the Project consists of more than one building, this requirement shall apply on a building-by-building basis.

(d) The Borrower will obtain, complete and maintain on file Income Certifications from each Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant in the Project and, in the case of tenants residing in the Project as of the date of acquisition thereof (if applicable), dated immediately prior to the disbursement of Bond proceeds to fund acquisition and construction of the Project and (ii) thereafter, annual Income Certifications dated as of the anniversary date of each initial Income Certification. The Borrower will obtain such additional information as may be required in the future by the State of California, by the City and by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are Tax-exempt under Section 142(d) of the Code. A copy of the most recent Income Certification for Low Income Tenants commencing or continuing occupation of a Low Income Unit (and not previously filed with the City) shall be attached to the Certificate of Continuing Program Compliance which is to be filed with the City no later than the fifteenth day of each month until such report indicates compliance with Section 4(b) and thereafter each January and July until the end of the Qualified Project Period. The Borrower shall make a good-faith effort to verify that the income information provided by an applicant in an Income Certification is accurate by obtaining the acceptable forms of verification enumerated in Chapter 3 of the most current, amended edition of HUD Handbook 4350.3, or such instruction by HUD that may supersede this handbook, and any additional documentation that the City shall deem relevant, such as the two most recent years' tax returns or other forms of independent verification satisfactory to the City.

(e) The Borrower will use its best efforts to maintain complete and accurate records pertaining to the Low Income Units, and will with reasonable notice permit any duly authorized representative of the City, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project during regular business hours, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower will prepare and submit to the City and the Trustee, no later than the fifteenth day of each month following the receipt by the Trustee of the Construction Completion Certificate to and including the month in which such report indicates that [40]% of the occupied units are occupied by Low Income Tenants, and thereafter no later than the fifteenth day of each January and July, until the end of the

Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Borrower stating (i) the percentage of the dwelling units of the Project which were occupied or deemed occupied, pursuant to paragraph (b) of this Section 4, by Low Income Tenants during such period; (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement, or (B) a default has occurred, in which event the certificate shall describe the nature of the default in detail and set forth the measures being taken by the Borrower to remedy such default; and (iii) that, to the knowledge of the Borrower, no Determination of Taxability has occurred, or if a Determination of Taxability has occurred, setting forth all material facts relating thereto.

(g) On or before each February 15 during the Qualified Project Period, the Borrower will submit to the City a draft of the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code. On or before each March 31 during the Qualified Project Period the Borrower will submit such completed form to the Secretary of the Treasury, regardless of whether or not the City has responded to such draft.

(h) Subject to the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, each lease or rental agreement pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement. Each such lease or rental agreement shall also provide that the tenant's income is subject to annual certification in accordance with Section 4(c) hereof and to recertification if the number of occupants in the units changes for any reason (other than the birth of a child to an occupant of such unit) and that if upon any such certification such tenant's Adjusted Income exceeds 140% of the then applicable income limit for a Low Income Tenant of the same family size, such tenant may cease to qualify as a Low Income Tenant, and such tenant's rent is subject to increase. Notwithstanding anything in this Section 4(h) to the contrary, such tenant's rent may be increased only pursuant to Section 7(l) hereof.

Section 5. Tax-exempt Status of the Bond. The Borrower and the City make the following representations, warranties and agreements for the benefit of the holder of the Bond from time to time:

(a) The Borrower and the City will not knowingly take or permit actions within their control, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-exempt nature of the interest on the Bond and, if either should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof, provided that the Borrower shall not have violated these covenants if the interest on the Bond becomes taxable to a person solely because such person is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code.

(b) The Borrower and the City will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the City and the Trustee, with a copy to the Borrower, to comply fully with all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations the interest on which is Tax-exempt under Section 142(d) of the Code.

(c) The Borrower and the City will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the City and the Trustee, with a copy to the Borrower, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of Los Angeles.

(d) The Borrower will not knowingly enter into any agreements which would result in the payment of principal or interest on the Bond being "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Subject to Section 14 hereof, the Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project prior to the expiration of the Qualified Project Period to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided, however, that so long as any former Borrower has no remaining interest in the Project, such former Borrower shall have no obligation to monitor such transferee's compliance with such restrictions, and such former Borrower shall incur liability if such transferee fails to comply with such restrictions only in proportion to its then remaining interest.

(f) Neither the Borrower nor any related party (as defined in Section 1.150-1(b) of the Regulations) thereto shall acquire the Bond in an amount related to the amount of the Loan.

Section 6. Additional Requirements of the Act. In addition to the requirements set forth in Sections 2 through 5, and without limiting any additional requirements in Section 7, during the Qualified Project Period, the Borrower and the City hereby agree to comply with each of the requirements of the Act, and, without limiting the foregoing, the Borrower hereby specifically agrees to comply with each of the requirements set forth in this Section 6, as follows:

(a) As provided in Section 52097.5 of the Act, not less than [40]% of the total number of units in the Project shall be reserved for occupancy by tenants whose adjusted gross income does not exceed [60]% of the median adjusted gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act.

(b) The rents paid by the tenant for the units reserved pursuant to paragraph (a) of this Section (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to those occupants or on behalf

of those units) shall not exceed the amount derived by multiplying 30% times [60]% of the median adjusted gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act, assuming a family of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit.

(c) During the Qualified Project Period the Borrower shall file Certificates of Continuing Program Compliance in the form and at the time required by Sections 4(d) and (f) hereof that shall contain sufficient information to allow the City to file any annual report required by the Act or pursuant to California Government Code Section 8855.5.

(d) No portion of the Bond shall be used to finance the acquisition, construction, rehabilitation, refinancing or development of commercial property for lease.

(e) The Borrower shall not apply selection criteria to certificate holders under Section 8 of the United States Housing Act of 1937, as amended, that are more burdensome than the criteria applied to all other prospective tenants.

(f) Following the expiration or termination of the Qualified Project Period with respect to the Project, except in the event of foreclosure and redemption of the Bond, deed in lieu of foreclosure, eminent domain or action of a federal agency preventing enforcement, units required to be reserved for occupancy pursuant hereto shall remain available to any eligible household occupying a reserved unit at the date of expiration or termination, at a rent not greater than the amount set forth in (b) above, until the earliest of any of the following occur:

(i) The household's income exceeds 140% of the maximum eligible income specified herein;

(ii) The household voluntarily moves or is evicted for "good cause." "Good cause" for the purposes of this Section, means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the occupancy agreement which detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the development, or the purposes or special programs of the development;

(iii) Thirty (30) years after the date of the commencement of the Qualified Project Period relative to the Project; and

(iv) The Borrower pays the relocation assistance and benefits to tenants as provided in subdivision (b) of Section 7264 of the California Government Code.

(g) During the three years prior to expiration of the Qualified Project Period, the Borrower shall continue to make available to Low Income Tenants reserved units that have been vacated to the same extent that nonreserved units are made available to tenants other than Low Income Tenants.

Notwithstanding Section 1461 of the California Civil Code, the provisions hereof shall run with the land and may be enforced either in law or in equity by any resident, local agency, entity or any other person adversely affected by the Borrower's failure to comply with this Regulatory Agreement.

Section 7. Additional Requirements of CDLAC and the City. In addition to, and not in derogation of, the requirements set forth in the preceding and following sections of this Regulatory Agreement, each of which is hereby incorporated in this Section as a specific requirement of CDLAC and the City, whether or not required by California or federal law, the Borrower represents, warrants, covenants and agrees as follows:

(a) The Borrower shall promptly provide to the City such information with respect to the Project or the Bond as the City shall from time to time request. The Borrower shall provide written notice to the City of receipt of a certificate of occupancy or other official authorization to occupy the Project immediately upon receipt.

(b) The Low Income Units shall be of comparable quality to all other units in the Project, shall be dispersed throughout the Project, and shall offer a range of size and number of bedrooms comparable to those units which are available to other tenants; and Low Income Tenants shall have access to and enjoyment of all common areas and facilities of the Project on the same basis as tenants of other units.

(c) The Borrower agrees that it will not discriminate in the rental of units or in its employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, age (except restrictions upon occupancy of units to tenants 62 years of age and older), sexual orientation, disability, marital status, domestic partner status or medical condition. All contracts entered into by the Borrower which relate to the Project shall contain a like provision. The Borrower shall comply with the provisions of Sections 10.8.2 and 10.8.4 of the Administrative Code of the City, the provisions of which are hereby incorporated by reference.

(d) The Borrower shall comply with the conditions set forth in Exhibit A to CDLAC Resolution No. 11-147, adopted on December 14, 2011 (the "CDLAC Conditions"), as they may be modified or amended from time to time, which conditions are incorporated herein by reference and made a part hereof and are attached hereto as Exhibit G. Following completion of the construction of the Project, the Borrower will prepare and submit to the City on each February 1, until the end of the Qualified Project Period, a Certificate of CDLAC Program Compliance, in substantially the form attached hereto as Exhibit E, executed by an Authorized Borrower Representative. Notwithstanding anything to the contrary herein, the provisions of this Section 7(d) shall remain effective for the period specified in the CDLAC Conditions, unless this Regulatory Agreement shall terminate as otherwise provided in Section 14 hereof.

(e) For the Qualified Project Period, the Borrower will comply with the provisions of the Unruh Civil Rights Act, including, without limitation, Sections 51.2 and 51.3 of the California Civil Code, as amended, and Sections 45.50 et seq. of the Los Angeles Municipal Code, as amended.

(f) The lease to be utilized by the Borrower in renting any residential units in the Project to Low Income Tenants shall provide for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of California law, for any tenant who fails to qualify as a Low Income Tenant and who has made a material misrepresentation on the Income Certification as to such tenant's qualification as a Low Income Tenant. All such leases shall contain clauses, among others, wherein each individual lessee (i) certifies the accuracy of the statements made in the Income Certification and (ii) agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obligations of his tenancy; that he will comply promptly with all requests for information with respect thereto from the Borrower or the City; and that his failure to provide accurate information in the Income Certification or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of his tenancy and shall be a default thereunder. Additionally, such lease shall contain provisions informing any tenant of the possibility of rental payment increases in accordance with the terms of this Regulatory Agreement.

(g) All Income Certifications will be maintained on file at the Project or, with the prior written consent of the City, at the principal place of business of the Borrower or the property manager of the Project, so long as this Regulatory Agreement is in effect and for five years thereafter with respect to each Low Income Tenant who occupied a residential unit in the Project during the Qualified Project Period.

(h) The Borrower will accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants.

(i) The Borrower shall submit to the City (i) at the times specified in Sections 4(d) and (f) herein, a Certificate of Continuing Program Compliance, which shall include the information called for therein, including occupancy records for all units in the Project, and (ii) within 15 days after receipt of a written request, any other information or completed forms requested by the City, in each case, in order to comply with reporting requirements of the Internal Revenue Service or the State of California, including, without limitation, information necessary for the City to file any periodic report, or any other information concerning the Project as the City may reasonably request.

(j) All workers performing construction work for the Project employed by the Borrower or by any contractor or subcontractor shall be compensated in an amount no less than the greater of (i) the general prevailing rate of per diem wages as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations, (ii) any applicable minimum wage requirements imposed by the laws of the State of California and (iii) the "Living Wage" as determined by the policies and procedures of the City of Los Angeles. The Borrower shall comply with all reporting and recordkeeping requirements of the applicable prevailing wage

statutes and regulations. The City shall have the right to appoint a third-party consultant to monitor compliance with this requirement, and the Borrower shall pay the fees and expenses of such consultant. Following any such appointment, the Borrower shall comply with any request by the City to deliver to such consultant, in addition to or instead of the City, any reports, notices or other documents required to be delivered pursuant hereto, and upon reasonable notice to the Borrower to make the Project and the books and records with respect thereto available for inspection during regular business hours by such consultant as an agent of the City.

(k) The City may, at its option and at its expense, at any time appoint an administrator to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. Following any such appointment, the Borrower shall comply with any request by the City to deliver to such administrator, in addition to or instead of the City, any reports, notices or other documents required to be delivered pursuant hereto, and upon reasonable notice to the Borrower to make the Project and the books and records with respect thereto available for inspection during regular business hours by such administrator as an agent of the City.

(l) If upon the annual certification or recertification required in Section 4(d) a tenant's Adjusted Income exceeds 140% of the then applicable income limit for a Low Income Tenant of the same family size, all rental limits herein previously applicable to the unit occupied for such tenant shall continue to apply until the next available unit is rented to a tenant who is a Low Income Tenant.

(m) There are four points in time when the Borrower is required to give written notice to all tenants of Low Income Units:

(i) Upon initial move-in/lease execution, Borrower shall give written notice to all tenants of Low Income Units, of the duration of the rent restrictions under this Regulatory Agreement. Borrower must maintain, in its files, a copy of each notice containing each tenant's signed acknowledgement of the notice required hereunder. The notice shall, at the least, contain language that the rent restrictions under this Regulatory Agreement shall be for a term equal to the later of the expiration of: (a) the Qualified Project Period; or (b) the CDLAC Conditions. Upon termination of the rent restriction period under this Regulatory Agreement, rents may be set at a market rates unless otherwise restricted by some other legal, regulatory, or contractual requirement.

(ii) Twelve months prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels. The Borrower must also give written notice pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, the Housing Authority of the City of Los Angeles and the Los Angeles Department of Housing and Community Development.

(iii) Six months prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels. Borrower must also give written notice, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, the Housing Authority of the City of Los Angeles, and the Los Angeles Department of Housing and Community Development.

(iv) Ninety days prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must again give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels.

(n) The Borrower shall pay to the City its initial and ongoing fees with respect to the issuance of the Bond. The Borrower shall pay the City an initial fee immediately upon issuance of the Bond equal to \$[] (.25% of the aggregate maximum principal amount of the Bond (\$[])) issuable under the Indenture. In addition, the Borrower shall, as compensation for the City's monitoring of the provisions of this Regulatory Agreement, pay to the City, semiannually in arrears (on the first day of each [March] and [September] commencing [March] 1, 2014, for the period from the date of issuance of the Bond through the later of: (i) the end of the Qualified Project Period; or (ii) termination of the CDLAC Conditions, prorated for the initial and any subsequent partial period, a semiannual amount equal to one-half of 0.125% of: (A) during the period from the Dated Date to the Conversion Date, the maximum aggregate principal amount of the Bond issuable under the Indenture (\$[]); and (B) following the Conversion Date, the principal amount of the Bond Outstanding under the Indenture immediately after the Conversion Date, with a minimum semiannual amount of \$1,250, or such lesser amount as shall be necessary in the opinion of Bond Counsel to preserve the exemption of interest on the Bond from gross income for federal income tax purposes. Throughout the term of this Agreement, Trustee, or the City, as applicable, shall provide an invoice to the Borrower at least 30 days prior to the due date of each such payment (and if applicable a copy of which shall, be provided to the City) and shall collect such payments from the Borrower and immediately remit such funds to the City. Upon the prepayment of the Bond in whole, prior to the end of the later of: (i) the end of the Qualified Project Period; or (ii) termination of the CDLAC Conditions, the Borrower shall, at its election, either: (A) pay to the City, on or before such payment, an amount equal to the present value of the remaining City fees payable hereunder, as calculated by the City, using a discount rate equal to the yield on the United States treasury security maturing on the date nearest the end of the later of: (1) the Qualified Project Period; or (2) the termination of the CDLAC Conditions, on the date of prepayment, or such lesser amount as shall be necessary in the opinion of Bond Counsel to preserve the exemption of interest on the Bond from gross income for federal income tax purposes; or (B) pay directly to the City on an annual basis, in arrears on each [] 1], the accrued fee described above. The Borrower shall not be required to pay the fee described in the preceding sentence if the Bond is prepaid in whole under circumstances which permit termination of this Regulatory Agreement pursuant to Section 14 hereof.

(o) The Borrower shall pay to the City a processing fee equal to: the greater of \$5,000 or 0.125% of: (i) prior to the Conversion Date, the maximum principal amount of the Bond issuable under the Indenture; and (ii) following the Conversion Date, the principal amount of the Bond Outstanding under the Indenture immediately after the Conversion Date, plus any expenses incurred by the City, including, without limitation, bond counsel, city attorney and financial advisor fees, as a condition to the consideration and receipt of any consent, approval, amendment, transfer or waiver requested of the City with respect to the Project, the Project Site or the Bond. The City shall provide an invoice directly to the Borrower for such amounts.

(p) The Borrower shall pay the City its then-current fees in connection with any consent, approval, transfer, amendment or waiver requested of the City, together with any expenses incurred by the City in connection therewith.

(q) The Trustee shall report to the City in writing semiannually, within 10 days of each [March] 1 and [September] 1, the principal amount of the Bond outstanding as of such [March] 1 or [September] 1, as appropriate.

(r) The Borrower shall promptly provide the City such information with respect to the Project or the Bond as the City shall from time to time request.

(s) The Borrower shall include the City as an additional insured on all liability insurance policies relating to the Borrower or the Project.

(t) The Borrower shall include the City as an additional insured on all liability insurance policies relating to the Borrower or the Project.

(u) The Borrower shall not rent any Low Income Unit to: (i) any individual who (A) holds an ownership interest in the Borrower, any general partner or member (or owner of such general partner or member) of the Borrower, (B) is an officer, board member, employee or agent of, or consultant to, the Borrower or any general partner or member thereof or owner of such general partner or member or (C) is a developer of the Project (collectively, an "Owner/Developer"); (ii) any Immediate Family Member of an Owner/Developer ("Immediate Family Members" consists of: (A) spouses; (B) children, (C) parents and grandparents, (D) siblings, (E) in-laws, including brother/sister in-law and mother/father in-law and son/daughter in law or (F) significant other or domestic partner); or (iii) any elected official or his or her spouse/partner, who participated in the deliberative process, vote or consideration of legislative action regarding the issuance of the Bond or other loan in support of the Project, unless such person otherwise qualifies for tenancy under this Agreement and such tenancy is approved in writing by the City.

The Borrower shall include a certification in each tenant application that the applicant is not an Owner/Developer, an elected official who participated in the issuance of the Note or an Immediate Family Member thereof. The Borrower recognizes and agrees that the penalty for violation of the above covenant shall be a fine of \$5,000 per violation/ per Unit.

(v) Neither the Borrower nor any general partner thereof shall issue any publicity release or other communication to any print, broadcast or on-line media, post any sign or in any other way identify the City as the source of the financing provided for the Project, without the prior written approval of the City (provided that nothing herein shall prevent the Borrower or any general partner thereof from identifying the City as the source of such financing to the extent that the Borrower or any general partner thereof is required to do so by disclosure requirements applicable to publicly held companies).

Any of the foregoing requirements of the City (except (d) above, which may be expressly waived by CDLAC) may be expressly waived by the City in writing in the City's sole discretion, but (i) no waiver by the City of any requirement of this Section 7 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement, including particularly but without limitation the provisions of Sections 2 through 6 hereof, except to the extent the City has received an opinion of Bond Counsel that any such provision is not required by the Act or the Law and may be waived without adversely affecting the exclusion from gross income of interest on the Bond for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the City and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bond to become includable in gross income for federal income tax purposes, if such opinion is accompanied by a copy of a ruling from the Internal Revenue Service to the same effect, or to the effect that compliance with such requirement would be in conflict with the Act or the Law.

Section 8. Modification of Covenants. The Borrower, the Trustee and the City hereby agree as follows:

(a) To the extent any amendments to the Law, the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the City, the Trustee and the Borrower, (with a copy to the Bondowner Representative) impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement in order to maintain the Tax-exempt status of interest on the Bond, this Regulatory Agreement shall be deemed to be automatically amended, without the consent or approval of any other person, to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as shall be necessary to document such automatic amendment hereof.

(b) To the extent that the Law, the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the City, the Trustee and the Borrower (with a copy to the Bondowner Representative), impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the City, the Trustee and the Borrower and approved by the written opinion of Bond Counsel to the effect that such amendment is permitted by the Law and the Act and will not affect the Tax-exempt status of interest on the Bond. The City shall be under no obligation to agree to any such amendment, it being understood that each of the requirements of this Regulatory Agreement is a specific requirement of the City, whether or not required by California or federal law.

(c) The Borrower, the City and, if applicable, the Trustee shall execute, deliver and, if applicable, file or record any and all documents and instruments necessary to effectuate the intent of this Section 8, and the City hereby appoints the Trustee as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file or record on behalf of the City, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the City defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the City, the Trustee shall take no action under this subsection (c) without first notifying the City and without first providing the City an opportunity to comply with the requirements of this Section 8. Nothing in this Section 8(c) shall be construed to allow the Trustee to execute an amendment to this Regulatory Agreement on behalf of the City.

Section 9. Indemnification. The Borrower shall defend, indemnify and hold harmless the City and the Trustee and the respective officers, members, supervisors, directors, officials and employees, counsel, attorneys and agents, past present and future of each of them (collectively, the "Indemnified Parties") against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, reasonable 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 (a) the design, construction, installation, operation, use, occupancy, maintenance, financing or ownership of the Project (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto), (b) any written statements or representations with respect to the Borrower, the Project or the Bond made or given to the City or the Trustee, or any underwriters or purchaser of the Bond or any tenants or applicants for tenancy in the Project or any other person, by the Borrower, or any Authorized Borrower Representative, including, but not limited to, statements or representations of facts, financial information or limited partnership affairs, (c) the Bond or the tax-exempt status of interest on the Bond or (d) the failure or alleged failure of any person or entity (including Borrower, its contractor or subcontractors) to pay the general prevailing rate of per diem wages as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations in connection with the construction of the improvements or any other work undertaken or in connection with the Project or (e) any actual or alleged violation of any Hazardous Materials Law or with respect to the presence of Hazardous Materials on or under the Project or in any of improvements or on or under any property of the Borrower that is adjacent to the Project (whether before or after the date of this Agreement and whether or not Borrower knew of the same); provided, however, that this provision shall not require the Borrower to indemnify the Indemnified Parties from any claims, costs, fees, expenses or liabilities arising from the fraud or willful misconduct or, in the case of the Trustee, the negligence of the Indemnified Parties. The Borrower also shall pay and discharge and shall indemnify and hold harmless the City and the Trustee from (i) any lien or charge upon payments by the Borrower to the City and the Trustee hereunder or under the Bond Documents and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges are sought to be imposed, the City or the Trustee shall give prompt notice to the Borrower and the Borrower shall, as provided in the following paragraph, have the right to assume the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion, provided that the City and the Trustee shall

have the right to review and approve or disapprove any such compromise or settlement. In addition thereto, the Borrower will pay upon demand all of the reasonable fees and expenses paid or incurred by the Trustee and/or the City in enforcing the provisions hereof against the Borrower. The Borrower shall also pay the City its standard fees and reimburse the City for its expenses in connection with any consent, approval, amendment, waiver or other action taken at the request or for the benefit of the Borrower in connection with this Regulatory Agreement, the Bond, or any other document or agreement relating thereto. In the event of any audit or inquiry regarding the Bond or the Project from any governmental entity, the Borrower shall, at the election of the City, be responsible for responding to and resolving such audit or inquiry at the expense of the Borrower.

Promptly after receipt by any party entitled to indemnification under this Section 9 of notice of the commencement of any suit, action or proceeding, such Indemnified Party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 9, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to any Indemnified Party otherwise than under this Section 9 or from any liability under this Section 9 unless the failure to provide notice prejudices the defense of such suit, action or proceeding. In case any such action is brought against any Indemnified Party, and it notifies the indemnifying party, the indemnifying party shall be entitled to participate in, and to the extent that it may elect by written notice delivered to the Indemnified Party within 5 Business Days after receiving the aforesaid notice from such Indemnified Party (but shall not be required) to assume, the defense thereof, with counsel reasonably satisfactory to such Indemnified Party; provided, however, if the defendants in any such action include both the Indemnified Party and the indemnifying party and the Indemnified Party shall have reasonably concluded that there are legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the indemnifying party, the Indemnified Party or parties shall have the right to select separate counsel to assert such legal defenses and otherwise to participate in the defense of such action on behalf of such Indemnified Party or parties. Upon the indemnifying party's receipt of notice from the Indemnified Party of such Indemnified Party's election so to assume the defense of such action and selection by the Indemnified Party of counsel, the indemnifying party shall not be liable to such Indemnified Party under this Section 9 for any attorneys' fees or expenses subsequently incurred by such Indemnified Party for the engagement of separate counsel in connection with defense thereof unless (i) the Indemnified Party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence, or (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party or shall not have employed such counsel within a reasonable time after notice of commencement of the action or (iii) the indemnifying party has authorized the employment of separate counsel to represent the Indemnified Party at the expense of the indemnifying party. Notwithstanding the foregoing, the Trustee shall not be indemnified for income tax, franchise tax or similar tax liability relating to the Trustee's own income and operations.

Section 10. Consideration. The City has issued the Bond to provide funds to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire and construct the Project. In consideration of the issuance of the Bond by the City, the Borrower has entered

into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 11. Reliance. The City and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bond and in the exemption from federal income taxation and California personal income taxation of the interest on the Bond. In performing their duties and obligations hereunder, the City and the Trustee may rely upon statements and certificates of the Low Income Tenants and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the City and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the City or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Trustee may, but shall not be required to, conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Trustee by the Borrower or the City with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

Section 12. Project in the City. The Borrower hereby represents and warrants that the Project will be located entirely within the City.

Section 13. Sale or Transfer of the Project; Equity Interests. The Borrower hereby covenants and agrees not to voluntarily (which term shall not be interpreted to include a foreclosure of any security for the Loan, the granting by the Borrower of a deed-in-lieu of foreclosure, or any other comparable conversion of the Loan) sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder), equity interests in the Borrower aggregating more than 50% of the equity interest in the Borrower, or any general partner interests in the Borrower, without obtaining the prior written consent of the City, which consent shall not be unreasonably withheld by the City and shall be given by the City if (a) the Borrower is not in default hereunder or under the Loan Agreement; (b) the purchaser or assignee is not in default under any obligations it may have to the City and is not the subject of any legal or enforcement actions by the City, and the purchaser or assignee certifies that the continued operation of the Project will comply with the provisions of this Regulatory Agreement; (c) evidence reasonably satisfactory to the City is presented to establish that the purchaser or assignee is willing to comply and capable of complying with the terms and conditions of this Regulatory Agreement; (d) either (i) evidence satisfactory to the City is presented to establish that the purchaser or assignee has at least three years' experience in the ownership, operation and management of rental housing projects, without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects or (ii) the purchaser or assignee agrees to retain a property management firm which the City determines has the experience and record described in subclause (i) above or (iii) the City determines that it has no reason to believe that the purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements binding on such purchaser or assignee and relating to the Project; (e) the City and the Trustee shall have received (i) with respect to any transfer of the Project, reasonable evidence satisfactory to the City that the Borrower's purchaser or transferee

has assumed in writing and in full, the Borrower's duties and obligations under this Regulatory Agreement and the Loan Agreement, (ii) with respect to any transfer of the Project to a new Borrower, an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iii) unless waived by the City, an opinion of Bond Counsel that such transfer will not adversely affect the Tax-exempt nature of the interest on the Bond, (iv) from the Borrower, a Certificate of Continuing Program Compliance (and a "bring-down" certificate, if necessary) current as of the date of transfer and (v) evidence satisfactory to the City that the purchaser or assignee does not have pending against it, nor does it have a history of, building or fire code violations as identified by City, the State of California or federal regulatory agencies; (f) the purchaser or assignee files with the City an affirmative action plan and other affirmative action documents required by the City, each acceptable to the City; (g) the Borrower or transferee pays all costs of the transfer of title, including, but not limited to, the cost of meeting the conditions specified in this Section 13; and (h) such other conditions are met as the City may reasonably impose to assure compliance by the Project with the requirements of this Regulatory Agreement. It is hereby expressly stipulated and agreed that, except for any such sale, transfer or disposition agreed to by the City in a separate writing, any sale, transfer or other disposition of the Project in violation of this Section 13 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Upon any sale or other transfer which complies with this Regulatory Agreement, the Borrower shall be fully released from its obligations hereunder, but only to the extent such obligations have been assumed by the transferee of the Project, without the necessity of further documentation. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 13.

No transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer. Nothing contained in this Section 13 shall affect any provision of the [Deed of Trust], or any of the other Loan Documents to which the Borrower is a party, which requires the Borrower to obtain the consent of the Bondowner Representative as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project, or of any direct or indirect interest in the Borrower, or which otherwise gives the Bondowner Representative the right to accelerate the maturity of the Loan or any obligations of Borrower under the Loan Documents, or to take some other similar action with respect to the Loan or any obligations of Borrower under the Loan Documents, upon the sale, transfer or other disposition of the Project or any such other interest. Notwithstanding anything contained in this Section 13 to the contrary, neither the consent of the City nor the delivery of items (a) through (h) of the preceding paragraph shall be required in the case of a foreclosure or deed in lieu of foreclosure, whereby the Bondowner Representative, the Trustee or a designee or third party purchaser becomes the owner of the Project, and nothing contained in this Section 13 shall otherwise affect the right of the Bondowner Representative, the Trustee or a designee or third party purchaser to foreclose on the Project or to accept a deed in lieu of foreclosure or to effect a comparable conversion of the Loan or the Loan Documents. Consent of the City and delivery of items (a) through (h) of the preceding paragraph shall be required for any transfer of the Project subsequent to the purchase at foreclosure or transfer pursuant to deed in lieu of foreclosure as described in the preceding sentence.

The Borrower acknowledges and recognizes that in addition to the above requirements the consent of CDLAC, among other parties, may be required in connection with any transfer of the Project.

Notwithstanding the foregoing, if the Trustee acquires title to the Project by foreclosure or deed in lieu of foreclosure, no consent of the City shall be required to such transfer under this Regulatory Agreement and no other conditions shall be required to be satisfied. However, if the Trustee acquires title to the Project by foreclosure or deed in lieu of foreclosure and this Regulatory Agreement has not been terminated pursuant to Section 14 below, consent of the City and delivery of items (a) through (h) above shall be required for any transfer of the Project subsequent to the Trustee's acquisition of the Property by foreclosure or deed in lieu of foreclosure.

Notwithstanding anything to the contrary contained herein, the respective interests of Borrower's limited partners shall, with prior written notice to the City, be transferable under this Regulatory Agreement to any affiliate of the limited partners of Borrower, without the consent of the City and/or Trustee but with prior written notice thereto.

In addition to the above requirements, the Borrower shall obtain the consent of CDLAC to any transfer of the Project in the manner and to the extent as may at the time be required by CDLAC.

Section 14. Term. This Regulatory Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section 14 shall terminate in its entirety at the end of the Qualified Project Period (or in the case of Section 7(d) hereof at the times set forth in CDLAC Resolution No. 11- 147), it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bond, discharge of the Loan and termination of the Indenture and the Loan Agreement.

Notwithstanding the foregoing, the provisions of Section 9 hereof shall, in the case of the Trustee, survive the term of this Regulatory Agreement or the replacement of the Trustee, but only as to claims arising from events occurring during the term of this Regulatory Agreement or the Trustee's tenure as Trustee under the Indenture, and shall, in the case of the City, survive the term of this Regulatory Agreement, but only as to claims arising from events occurring during the term of this Regulatory Agreement.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement and all the requirements set forth herein (except Section 9 as aforesaid) shall terminate and be of no further force and effect in the event of (a) involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date which prevents the City or the Trustee from enforcing the provisions hereof, or (b) condemnation, foreclosure, delivery of a deed in lieu of foreclosure or a similar event, but only if, within a reasonable period thereafter, either the portion of the Bond attributable to the affected portion of the Project is retired or amounts received as a consequence of such event are used to provide a project which meets the requirements of the Code set forth in Sections 2 through 6 of this Regulatory Agreement and

provided that, in either case, an opinion of Bond Counsel (unless waived by the City) is delivered to the Trustee to the effect that the exclusion from gross income for federal income tax purposes of interest on the Bond will not be adversely affected thereby. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any related party (within the meaning of Section 1.150-1(b) of the Regulations) obtains an ownership interest in the Project for tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any related party as described above will obtain an ownership interest in the Project for tax purposes.

Upon the termination of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 15. Covenants To Run With the Land. The Borrower hereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The City and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. The City and, if necessary, the Trustee, agree to execute a quitclaim deed or other documents required to remove this Regulatory Agreement from title after the covenants, agreements and restrictions herein have expired. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of any security instrument, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

Section 16. Burden and Benefit. The City and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The City and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bond was issued. Notwithstanding the foregoing or any other provision of this Regulatory Agreement, no person, other than the parties hereto, shall have any rights of enforcement of this Regulatory Agreement.

Section 17. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 18. Default; Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the City to the Borrower, then the City shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-exempt status of interest on the Bond. The Trustee hereby consents to any correction of the default by the City on behalf of the Borrower. The City hereby consents to any correction of a default on the part of the Borrower hereunder made by the Borrower's limited partners on behalf of the Borrower within the time periods provided in this Section. Copies of any notices sent to the Borrower hereunder shall simultaneously be sent to Borrower's limited partners at the address set forth in Section 23.

Following the declaration of an Event of Default hereunder, the Trustee, as directed by the City and subject to the provisions of the Indenture relative to the Trustee's duty to exercise remedies generally, or the City may, at its option, take any one or more of the following steps:

- (a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the City or the Trustee hereunder;
- (b) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; and
- (c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

During the Qualified Project Period, the Borrower hereby grants to the City the option, upon either (a) the expiration of 60 days after the giving of the notice to the Borrower referred to in the first paragraph of this Section 18 of the Borrower's default under this Regulatory Agreement or (b) the vacancy of a Low Income Unit for more than six months and the submission by the City to the Borrower during such six-month or longer period of at least five proposed tenants which meet the qualifications of Low Income Tenants and the qualifications of a reasonable landlord, to lease up to [40]% of the units in the Project for a rental of \$1.00 per unit per year for the sole purpose of subleasing such units to Low Income Tenants for a period of not less than six months, but only to the extent necessary to comply with the provisions of Sections 2 through 7 of this Regulatory Agreement and to insure full occupancy of the Low Income Units. The option granted in the preceding sentence shall be effective only if the Borrower or the

Trustee has not instituted corrective action before the end of such 60-day period referenced in (a) above, or the Borrower has not rented the unit during the six-month or longer period referenced in (b) above, to a qualified Low Income Tenant. The option and any leases to the City under this provision shall terminate with respect to each default upon the achievement, by the Borrower, the Trustee or the City, of compliance with the requirements of Section 2 through 7 hereof, and any subleases entered into pursuant to the City's option shall be deemed to be leases from the Borrower. The City shall make diligent effort, but shall not be required, to rent Low Income Units to Low Income Tenants at the highest rents practicable, subject to the limits of Sections 5, 6 and 7 hereof. Any rental paid under any such sublease shall be paid to the Borrower after the City has been reimbursed for any reasonable expenses incurred in connection with such sublease, provided that, if the Borrower is in default under the Loan Agreement, such rental shall be paid to the Trustee for credit against payments due under the Loan Agreement. The Trustee shall have the right, as directed by the City, in accordance with this Section 18 and the provisions of the Indenture, to exercise any or all of the rights or remedies of the City hereunder, provided that prior to taking any such action the Trustee shall give the City written notice of its intended action. All reasonable fees, costs and expenses of the City and the Trustee incurred in taking any action pursuant to this Section 18 shall be the sole responsibility of the Borrower.

After the Indenture has been discharged, the City may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee.

The obligations of the Borrower hereunder are not secured by a lien on the Project and the Loan shall not be accelerated as a result of any default hereunder. The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the City may obtain the benefits of such agreements made by the Borrower herein and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any default by the Borrower hereunder.

The occurrence of a Determination of Taxability shall not, in and of itself, constitute a default hereunder.

Section 19. The Trustee. The Trustee shall act as specifically provided herein and in the Indenture. The Trustee is entering into this Regulatory Agreement solely in its capacity as trustee under the Indenture, and the duties, powers, rights and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture.

The City shall be responsible for the monitoring and verifying of compliance by the Borrower with the terms of this Regulatory Agreement. The Trustee may at all times assume compliance with this Regulatory Agreement unless otherwise notified in writing by the City, or unless it has actual knowledge of noncompliance.

After the date on which no principal of the Bond remains outstanding as provided in the Indenture, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the City.

Section 20. Recording and Filing. The Borrower shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County of Los Angeles and in such other places as the City or the Trustee may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording. This Regulatory Agreement shall be recorded in the grantor-grantee index to the name of the Borrower as grantor and the City as grantee.

Section 21. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California. The Trustee's rights, duties and obligations hereunder are governed in their entirety by the terms and provisions of the Indenture.

Section 22. Amendments. This Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Los Angeles, California, and only upon receipt by the City of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-exempt status of interest on the Bond and is not contrary to the provisions of the Law or the Act and with the written consent of the Trustee.

The City, the Trustee and the Borrower hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel (subject to the approval of the City Attorney of the City), in order that interest on the Bond remain Tax-exempt. The party or parties requesting such amendment shall notify the other parties to this Regulatory Agreement of the proposed amendment, with a copy of such requested amendment to Bond Counsel and the City Attorney of the City and a request that such Bond Counsel render to the City an opinion as to the effect of such proposed amendment upon the Tax-exempt status of interest on the Bond.

Section 23. Notices. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

If to City: Los Angeles Housing Department
 8th Floor
 1200 West 7th Street
 Los Angeles, CA 90017
 Attention: Supervisor, Affordable Housing Bond Program
 Facsimile: (213) 808-8918

with a copy to: Los Angeles Housing Department
 P.O. Box 532729
 Los Angeles, CA 90053-2729
 Attn: Supervisor, Affordable Housing Bond Program

If to Borrower: AMCAL Broadway Fund, L.P.
c/o AMCAL Multi-Housing, Inc.
30141 Agoura Road, Suite 100
Agoura Hills, CA 91301

Attention:
Facsimile: (818) 889-9158

with a copy to: [Enterprise Community]
[Address]

Attn:

with a copy to: Kyle B. Arndt, Esq.
Bocarsly Emden Cowan Esmail Parker & Arndt LLP
70th Floor
633 West Fifth Street
Los Angeles, CA 90071

If to the Trustee: Wells Fargo Bank, National Association
MAC# E2818-176
707 Wilshire Blvd, 17th Floor
Los Angeles, CA 90017
Attention: Corporate Trust Services
Telephone: (213) 614-3328
Facsimile: (213) 614-3355

The Bondowner
Representative: U.S. Bank National Association
4747 Executive Drive, 3rd Floor
San Diego, CA 92121
Attention: Loan Administration Manager

With a copy to: Davis, Wright & Tremain LLP
Suite 2400
865 South Figueroa Street
Los Angeles, CA 90017
Attention: Mark L. Nelson, Esq.

Notice shall be deemed given three Business Days after the date of mailing.

A duplicate copy of each notice, certificate or other communication given hereunder by any party hereto to another party hereto shall also be given to all of the parties specified above. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided shall not constitute a default hereunder. All other documents required to be submitted to any of the foregoing parties shall also be submitted to such party at its address set forth above. Any of the foregoing parties may, by notice given

hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

Section 24. Severability. If any provision of this Regulatory Agreement or if the applicability of any such provision shall be invalid, illegal or unenforceable, the validity, legality, enforceability, or the applicability with respect to the validity, legality and enforceability, of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 25. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 26. Nondiscrimination and Affirmative Action. The Trustee and the Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. Trustee and the Borrower shall not discriminate in its employment practices against any employee or applicant for employment denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Trustee and the Borrower shall comply with Executive Order 11246, entitled "Equal Employment Opportunity", as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60). The Trustee and the Borrower shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Trustee and the Borrower shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Borrower and Trustee shall also comply with all rules, regulations, and policies of the City's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the Issuer. Any subcontract entered into by the Borrower or Trustee relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Regulatory Agreement. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

Section 27. Business Tax Registration Certificate. Subject to any exemption available to it, the Trustee and Borrower each represent that it will obtain and hold the Business Tax Registration Certificate(s) required by the City's Business Tax Ordinance (Article 1, Chapter 2, Section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Regulatory Agreement, the Trustee and the Borrower shall maintain, or obtain as necessary, all

such Business Tax Registration Certificates required of it under said Ordinance and shall not allow any such Business Tax Registration Certificate to be revoked or suspended.

Section 28. Financial Obligations Personal to Borrower. The City acknowledges that the Project shall be encumbered by the Loan Documents. Notwithstanding any provisions of this Regulatory Agreement to the contrary, all obligations of the Borrower under this Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under this Regulatory Agreement, including indemnification obligations, shall not be a lien on the Project and no Person shall have the right to enforce such obligations other than directly against the Borrower as provided in Section 18 of this Regulatory Agreement, except that the City shall have the right at all times to enforce the rights contained in the third paragraph of Section 18 hereof. No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligations of the Borrower under this Regulatory Agreement on the part of any prior Borrower, including, but not limited to, any payment or indemnification obligation. Such obligations are personal to the Person who was the Borrower at the time the default or breach was alleged to have occurred and such Person shall remain liable for any and all damages occasioned thereby even after such Person ceases to be the Borrower. Each Borrower shall comply with and be fully liable for all obligations of an "owner" hereunder during its period of ownership. Notwithstanding the foregoing, neither the Borrower nor its partners shall be personally liable for any indemnification obligation under the Loan Documents which would result in the repayment of principal and interest on the Loan.

Section 29. Third-party Beneficiaries. The CDLAC is intended to be and is a third-party beneficiary of this Regulatory Agreement, and the CDLAC shall have the right (but not the obligation) to enforce, separately or jointly with the City and/or the Trustee or to cause the City or the Trustee to enforce, the provisions of Section 7(d) of this Regulatory Agreement and to pursue an action for specific performance of such provisions or other available remedy at law or in equity in accordance with Section 18 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the Bondholder and shall otherwise be subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

Section 30. Child Support Assignment Orders. This Regulatory Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, each of the Borrower and the Trustee certifies that it will (a) fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (b) that the principal owner(s) of the Borrower are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (c) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (d) maintain such compliance throughout the term of this Regulatory Agreement. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Borrower or the Trustee to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Borrower or the Trustee to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a

default by the Borrower or the Trustee, as appropriate, under the terms of this Regulatory Agreement, subjecting (i) the Borrower to the remedies provided herein and (ii) the Trustee to termination under the Indenture where, in either case, such failure shall continue for more than ninety (90) days after notice of such failure to the Borrower or the Trustee by the City. Any subcontract entered into by the Borrower or the Trustee relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Borrower or the Trustee to obtain compliance of its subcontractors shall constitute a default by the Borrower or the Trustee, as appropriate, under the terms of this Regulatory Agreement, subjecting (A) the Borrower to the remedies provided herein and (B) the Trustee to termination under the Indenture where such failure shall continue for more than ninety (90) days after notice of such failure to the Borrower or the Trustee by the City.

The Borrower and the Trustee shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. The Borrower and the Trustee each assures that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in subdivision (1) of the Public Contract Code Section 7110.

Section 31. Americans with Disabilities Act. The Borrower and the Trustee each hereby certifies that it will comply with the Americans with Disabilities Act 42, U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L. 110-325 and all subsequent amendments (the "ADA"). The Borrower and the Trustee each will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the ADA. The Borrower and the Trustee each will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by the Borrower or the Trustee, relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

Section 32. Slavery Disclosure Ordinance. This Regulatory Agreement is subject to the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code, as it may be amended from time to time. The Borrower hereby agrees to execute and deliver a certificate in the form attached hereto as Exhibit H (or such other form as is required by the City) certifying that it has complied with the applicable provisions of this Ordinance. The Borrower acknowledges that failure to fully and accurately complete the affidavit may result in a default under this Regulatory Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City, the Trustee and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

CITY OF LOS ANGELES, as City

By Los Angeles Housing Department

By _____
Name _____
Authorized Officer

Approved as to form:

CITY OF LOS ANGELES
MICHAEL N. FEUER, City Attorney

Deputy/Assistant City Attorney

[City Signature Page to *Broadway Villas* Regulatory Agreement]

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Trustee

By _____
Name _____
Authorized Signatory

[Trustee Signature Page to *Broadway Villas* Regulatory Agreement]

AMCAL BROADWAY FUND, L.P., a California limited partnership

By: AMCAL Multi-Housing, Inc. a California corporation, its Administrative General Partner

By: _____
[Name], [Title]

By: Foundation for Affordable Housing II, Inc., a California nonprofit public benefit corporation, its Managing General Partner

By: _____
[Name], [Title]

[Borrower Signature Page to *Broadway Villas* Regulatory Agreement]

CITY OF LOS ANGELES, as Fee Owner

By Los Angeles Housing Department

By _____
Name _____
Authorized Officer _____

Approved as to form:

CITY OF LOS ANGELES
MICHAEL N. FEUER, City Attorney

Deputy/Assistant City Attorney

[Fee Owner Signature Page to *Broadway Villas* Regulatory Agreement]

NOTARY ACKNOWLEDGMENT STATEMENT

State of California)

County of _____)

On _____, before me, _____ (here insert name and title
of the officer), personally appeared _____

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity
upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true
and correct.

WITNESS my hand and official seal.

Signature _____

[SEAL]

NOTARY ACKNOWLEDGMENT STATEMENT

State of California)

County of _____)

On _____, before me, _____ (here insert name and title
of the officer), personally appeared _____

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity
upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true
and correct.

WITNESS my hand and official seal.

Signature _____

[SEAL]

NOTARY ACKNOWLEDGMENT STATEMENT

State of California)

County of _____)

On _____, before me, _____ (here insert name and title of the officer), personally appeared _____

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ [SEAL]

NOTARY ACKNOWLEDGMENT STATEMENT

State of California)

County of _____)

On _____, before me, _____ (here insert name and title
of the officer), personally appeared _____

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity
upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true
and correct.

WITNESS my hand and official seal.

Signature _____

[SEAL]

EXHIBIT A

DESCRIPTION OF PROJECT SITE

A leasehold interest in all that certain real property situated in the County of Los Angeles, State of California, described as follows:

[INSERT LEGAL DESCRIPTION]

EXHIBIT B

FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

FOR THE [MONTH/QUARTER] ENDING _____

\$[_____]]
City of Los Angeles
Multifamily Housing Revenue Bond
(Broadway Villas Seniors Apartments),
Series 2013B

The undersigned, being the Authorized Borrower Representative of AMCAL Broadway Fund, L.P., a California limited partnership (the "Borrower"), has read and is thoroughly familiar with the provisions of the various loan documents associated with the Borrower's participation in the multifamily housing program of the City of Los Angeles (the "City"), including, without limitation, the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [_____] 1], 2013, among the Borrower, the City and Wells Fargo Bank, National Association, as Trustee relative to the property located at 9425 S. Spring Street.

As of the date of this Certificate, the following percentages of completed residential units in the Project (as such term is defined in the Regulatory Agreement) (i) are occupied by Low Income Tenants (as such term is defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Low Income Tenant vacated such unit, as indicated:

Occupied by Low Income Tenants: _____ %
Unit Nos. _____ and
size

Held vacant for occupancy continuously
since last occupied by Low Income Tenant: _____ %
Unit Nos. _____ and
size

Vacant Units: _____ %

Low Income Tenants who commenced
Occupancy of units during the
Preceding [month/quarter]: Unit Nos. _____

Attached is a separate sheet (the "Occupancy Summary") listing, among other items, the following information for each unit in the Project: the number of each unit, the occupants of each unit and the size, in square feet, of each unit. It also indicates which units are occupied by Low

Income Tenants and which units became Low Income Units during the preceding [month/quarter]. The information contained thereon is true and accurate.

The undersigned hereby certifies that (1) a review of the activities of the Borrower during such [month/quarter] and of the Borrower's performance under the Loan Agreement has been made under the supervision of the undersigned; (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, the Borrower is not in default under any of the terms and provisions of the above documents [OR DESCRIBE THE NATURE OF ANY DEFAULT IN DETAIL AND SET FORTH THE MEASURES BEING TAKEN TO REMEDY SUCH DEFAULT]; and (3) to the knowledge of the Borrower, no Determination of Taxability (as such term is defined in the Regulatory Agreement) has occurred [OR, IF A DETERMINATION OF TAXABILITY HAS OCCURRED, SET FORTH ALL MATERIAL FACTS RELATING THERETO].

AMCAL BROADWAY FUND, L.P., a California limited partnership

By: AMCAL Multi-Housing, Inc. a California corporation, its Administrative General Partner

By: _____
[Name], [Title]

By: Foundation for Affordable Housing II, Inc., a California nonprofit public benefit corporation, its Managing General Partner

By: _____
[Name], [Title]

EXHIBIT C

FORM OF INCOME CERTIFICATION

NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 C.F.R. Part 5 Subpart F). You should make certain that this form is at all times up to date with the HUD Regulations.

Re: Broadway Villas Senior Housing, 9425 S. Spring Street.

The undersigned hereby (certify) (certifies) that:

1. This Certification of Tenant Eligibility is being delivered in connection with the undersigned's application for occupancy of Apartment #_____ in the Broadway Villas Senior Housing located at 9425 S. Spring Street, in Los Angeles, California.

2. List all the occupants of the apartment, the relationship (if any) of the various occupants, their ages, and indicate whether they are students (for this purpose, a student is any individual who has been, or will be, a full-time student at an educational institution during five months (whether consecutive or not) of the year in which this application is submitted, other than a correspondence school, with regular facilities and students).

	Occupant	Relationship	Age	Student (Yes or No)	Social Security Number
(a)	_____	_____	_____	_____	_____
(b)	_____	_____	_____	_____	_____
(c)	_____	_____	_____	_____	_____
(d)	_____	_____	_____	_____	_____
(e)	_____	_____	_____	_____	_____
(f)	_____	_____	_____	_____	_____

3. If all of the occupants are students, answer the following questions for each occupant

(a) Is any student listed in paragraph 2 above married and files a joint return for federal income tax purposes? List any such students.

Name(s)

No

Not Applicable

(b) Is any student listed in paragraph 2 above (i) a single parent living with his/her children, (ii) not a dependent of another individual and (iii) whose children are not dependents of an individual other than their parents? List any such students.

Yes	Name(s)	No	Not Applicable
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(c) Is any student listed in paragraph 2 above a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families)? List any such students.

Yes	Name(s)	No	Not Applicable
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(d) Is any student listed in paragraph 2 above a student enrolled in a job-training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State or local laws? List any such students.

Yes	Name(s)	No	Not Applicable
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(e) Is any student listed in paragraph 2 a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act)? List any such students.

Yes	Name(s)	No	Not Applicable
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4. The total anticipated income for each person listed in paragraph 2 above during the 12-month period commencing with the date occupancy will begin including:

full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, and bonuses; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets excluded below); the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments including any lump sum payment for the delayed start of a periodic payment; payments in lieu of earnings, such as unemployment and disability compensation; workers' compensation and severance pay; all public assistance income; periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone);

lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses; amounts which are specifically for reimbursement of medical expenses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self-Sufficiency; amounts for out-of-pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of \$200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of \$480 for each full-time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of \$480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charges for the allotments; and payments to volunteers under the Domestic Volunteer Service Act of 1973; is as follows:

Occupant	Anticipated Annual Income	Source of Income or Employer
(a) _____ _____	\$ _____	_____
(b) _____ _____	\$ _____	_____
(c) _____ _____	\$ _____	_____
(d) _____ _____	\$ _____	_____
(e) _____ _____	\$ _____	_____
(f) _____ _____	\$ _____	_____
TOTAL	\$ _____	

5.(a) Do the persons whose income or contributions are included in Item 4 above have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the

values of necessary items of personal property such as furniture and automobiles and interest in Indian trust land)?

_____ Yes _____ No

(b) Have the persons whose income or contributions are included in Item 4 above disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

_____ Yes _____ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000?

_____ Yes _____ No

(d) If the answer to (c) above is yes,

(i) insert the total value of all such assets owned or disposed of
\$ _____; and

(ii) state:

(A) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent:

\$ _____

(B) the amount of such income, if any, that was included in Item 4 above:

\$ _____

6. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter, the "Borrower"), has any family relationship to the Borrower or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member and ownership, direct or indirect, by a partner of the individual.

7. This Income Certification is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit, and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in

paragraph 4 is reasonable and based upon such investigation as the undersigned deemed necessary.

8. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made therein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

9. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement (whether or not intentional) in this Income Certification will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent my/our occupancy of the unit and will be cause for immediate termination of such lease.

10. The undersigned hereby acknowledge and agree that on or before January 1 (or upon Lease renewal) of each year the undersigned and any other current residents of such apartment will complete and deliver a new Income Certification, in the form then in use, to the Borrower and that the undersigned's rent is subject to increase 30 days after written notice is given to the undersigned stating that the undersigned no longer qualifies as a Lower Income Tenant under the Tax Regulatory Agreement.

11. RESIDENT(S) STATEMENT: I/We certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury. In the event this Income Certification is executed more than five days prior to the date I/we intend to occupy the unit, I/we hereby agree to update and recertify the accuracy of the information herein provided as of the date I/we first occupy the unit:

- (a) _____ Date: _____
- (b) _____ Date: _____
- (c) _____ Date: _____
- (d) _____ Date: _____
- (e) _____ Date: _____
- (f) _____ Date: _____

[The signatures of all persons over the age of 18 years listed in Number 2 above are required]

12. Calculation of Eligible Income:

- (a) Enter the amount entered for entire household in 4 above: \$ _____
- (b) Enter income derived from assets (line 5(d)(2)(A)): \$ _____
- (c) Subtract (b) from (a) \$ _____

- (d) Multiply the amount entered in 5(d)(1) by the current passbook savings rate to determine the total annual earnings on assets [5(d)(1)] if invested in passbook savings.

Passbook rate _____ % X _____ = \$ _____

- (e) Enter the greater of (b) or (d) \$ _____

- (f) TOTAL ELIGIBLE INCOME (Line (e) + (c)) \$ _____

13. The amount entered in 12(f):

(a) _____ Qualifies the applicant(s) as a Lower Income Tenant(s).

(b) _____ Does not qualify the applicant(s) as Lower Income Tenant(s).

14. Number of apartment unit assigned: _____

Bedroom size: _____ Rent: \$ _____

Tenant-paid Utilities:

Water _____ Gas _____ Electric _____

Trash _____ Other (list type) _____

15. Was this apartment unit last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Lower Income Tenants?

_____ Yes _____ No

16. Method used to verify applicant(s) income:

_____ Employer income verification

_____ Social Security Administration verification

_____ Department of Social Services verification

_____ Copies of tax returns

_____ Other (_____)

17. Method used to verify responses, if any, in paragraph 3 of this Income Certification:

_____ Copies of Tax Returns

_____ Evidence of participation in an enumerated program

18. BORROWER'S STATEMENT: Based on the representations herein and upon the proofs and documentation submitted pursuant to paragraph 8 hereof, the family or individual(s) named in paragraph 2 of this Income Certification is/are eligible under the provisions of the Regulatory Agreement and Declaration of Restrictive Covenants to live in a unit in the Project.

Date _____

Signature of Authorized Borrower
Representative:

By _____
Name _____
Title _____

EXECUTION OF ITEMS 19 AND 20

_____ IS _____ IS NOT NECESSARY.

Initials: _____

19. If this Income Certification was executed by me/us more than five days prior to my/our occupancy of the unit, I/we hereby update and recertify the accuracy of the information herein provided as of _____, 20____ and state:

_____ (a) No additional information is required to be provided to make this Income Certification true and correct on the date of this certification.

_____ (b) The following information is provided to update the information previously provided in the Income Certification:

[Remainder of page intentionally left blank]

- (a) _____ Date: _____
(b) _____ Date: _____
(c) _____ Date: _____
(d) _____ Date: _____
(e) _____ Date: _____
(f) _____ Date: _____

20. BORROWER'S STATEMENT: The family or individual(s) named in paragraph 2 of this Income Certification have, pursuant to paragraph 19 hereof, updated and recertified the information heretofore provided as specifically set forth in paragraph 19 hereof.

Date _____

Signature of Authorized Borrower
Representative

By _____
Name _____
Title _____

[Remainder of page intentionally left blank]

INCOME VERIFICATION
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed by the issuance of a bond by the City of Los Angeles for persons of low or moderate income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual Wages _____

Overtime _____

Bonuses _____

Commissions _____

Total Current Income _____

I hereby certify that the statements above are true and complete to the best of my knowledge.

Date

By _____
Name _____
Title _____

I hereby grant you permission to disclose my income to _____,
in order that they may determine my income eligibility for rental of an apartment located in their
project which has been financed under the by an issuance of a bond by the City of Los Angeles.

Date _____

Signature _____

Please send form to: _____

[Income verification signature page]

INCOME VERIFICATION
(for self-employed persons)

I hereby attach copies of my individual federal and state (if applicable) income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Date _____

Signature _____

EXHIBIT D

FORM OF ANNUAL TENANT INCOME RECERTIFICATION

CITY OF LOS ANGELES ANNUAL TENANT INCOME RECERTIFICATION

Project name _____

Apartment # _____ Date of Original Certification _____

Resident name _____

TO THE RESIDENT:

This form is a continuation of the City of Los Angeles (the "City") Affordable Housing Program (the "Program") which was previously discussed with you. In order to keep you on the qualifying list, you will need to update the following information each year when you renew your lease. The Borrower is required by the Internal Revenue Code of 1986 and the City to maintain this information in order to maintain the Program.

Household Composition:

- 1) Please list all of those individuals residing in your apartment.
- 2) Please list the anticipated annual income of all occupants of your household who are 18 years of age or older (if housemaker, or unemployed, etc.—please list as such).
- 3) If college or technical school student, please list if full-time or part-time student.

	NAME	SS#	AGE	ANTICIPATED ANNUAL INCOME*	OCCUPATION/STUDENT
1)					
2)					
3)					
4)					
5)					
6)					
7)					

*SEE INCOME DEFINITION ATTACHED TO THIS FORM.

DO YOU OWN OR HAVE YOU ACQUIRED OR HAVE YOU DISPOSED OF ANY ASSETS OVER \$5,000.00 IN THE PAST YEAR? _____

If so, please describe and list amount and annual income expected to be derived from such assets. _____

If all persons residing in your apartment are full-time students, please indicate for each such person whether they are: (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job-training program receiving assistance under the Job Training Partnership Act or under other similar federal, state or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act); or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents.

Please have all occupants over the age of 18 sign this certification.

I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

SIGNATURES:

DATE:

1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____

MANAGER'S SIGNATURE:

DEFINITION OF INCOME

The full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, and bonuses; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets excluded below); the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments including any lump sum payment for the delayed start of a periodic payment; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; all public assistance income; periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone); lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses; amounts which are specifically for reimbursement of medical

expenses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self-Sufficiency; amounts for out-of-pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of \$200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of \$480 for each full-time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of \$480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charges for the allotments; and payments to volunteers under the Domestic Volunteer Service Act of 1973.

EXHIBIT E

FORM OF CERTIFICATE OF CDLAC PROGRAM COMPLIANCE

Project Name: Broadway Villas Senior Housing

Name of Bond Issuer: City of Los Angeles

CDLAC Application No.: 11-017

Pursuant to Section 13 of Resolution No. 11- 147 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on December 14, 2011, I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the Resolution, which specifies that once the Bond is issued, the terms and conditions set forth in the Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy.

Please check or write N/A to the items listed below:

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project received points for exceeding Title 24 by 10% or reducing energy use by 25% (Acquisition and Rehabilitation Projects). I have attached an Energy Performance Certificate approved by the Energy Commission with my first Annual Certification of Compliance.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

EXHIBIT F

[RESERVED]

EXHIBIT G
CDLAC RESOLUTION

EXHIBIT H

FORM OF SLAVERY DISCLOSURE ORDINANCE CERTIFICATE

EXHIBIT N
LOAN AGREEMENT
(CHINATOWN METRO APARTMENTS)

AFFORDABILITY RESTRICTIONS AND MAXIMUM RENTS

A. **AFFORDABILITY RESTRICTIONS.** The affordability of the Project shall be maintained as follows:

- A. Seven (7) two bedroom, and nine (9) one bedroom units in the Project shall at all times be occupied or held vacant and available for rental by 60% Income Households (households who do not exceed sixty percent (60%) median income for the Los Angeles Metropolitan area as determined by HUD with adjustments for smaller and larger households). Income determination shall be made at the time of initial occupancy of a unit by a tenant.
- B. Forty (40) one bedroom, and thirty five (35) studio units in the Project shall at all times be occupied or held vacant and available for rental by 50% Income Households (households who do not exceed fifty percent (50%) median income for the Los Angeles Metropolitan area as determined by HUD with adjustments for smaller and larger households). Income determination shall be made at the time of initial occupancy of a unit by a tenant.
- C. Ten (10) one bedroom, and twenty one (21) studio units in the Project shall at all times be occupied or held vacant and available for rental by 35% Income Households (households who do not exceed thirty five percent (35%) median income for the Los Angeles Metropolitan area as determined by HUD with adjustments for smaller and larger households). Income determination shall be made at the time of initial occupancy of a unit by a tenant.
- D. All units are described and limited as set forth in this Exhibit N.

B. **MAXIMUM RENTAL CHARGES.** The total charges for rent, utilities, and related services to each 60% Income Household shall not exceed thirty percent (30%) of sixty percent (60%) of Area Median Income. The total charges for rent, utilities, and related services to each 50% Income Household shall not exceed thirty percent (30%) of fifty percent (50%) of Area Median Income. The total charges for rent, utilities, and related services to each 35% Income Household shall not exceed thirty percent (30%) of thirty five percent (35%) of

Area Median Income. Initial rents for each Unit shall be as set forth in the Regulatory Agreement. Maximum rent increases shall be calculated by Lender based on the change in permissible rents published by HUD. Borrower shall annually certify each tenant household's gross income and make any rent adjustment pursuant to the terms of the Regulatory Agreement.

LOAN AGREEMENT

This Loan Agreement ("Agreement") is executed as of _____, 2013, among the CITY OF LOS ANGELES, a municipal corporation and charter city of the State of California ("Issuer"), AMCAL BROADWAY FUND, L.P., a California limited partnership ("Borrower"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association ("Bondowner Representative").

RECITALS

A. Borrower owns (or will, concurrently with the first disbursement under this Agreement, acquire) a leasehold interest in certain real property and a fee interest in the improvements located thereon (collectively, the "Property") located in the County of Los Angeles, State of California and more particularly described on Exhibit "A" attached to this Agreement.

B. Borrower intends to construct a 49-unit senior affordable housing apartment project on the Property.

C. Borrower has applied to Issuer for a loan (the "Loan") in the maximum principal amount of _____ and No/100th Dollars (\$ _____).

D. Issuer, in order to raise sufficient funds to make the Loan to Borrower, has determined to issue its Multifamily Housing Revenue Bond (Broadway Villas Apartments Project) Series 2013B in the principal amount of \$ _____ (the "Bonds"). The Bonds are being issued by Issuer under, and pursuant to, that certain Indenture of Trust ("Indenture") dated as of _____, 2013, among Issuer, Bondowner Representative and Wells Fargo Bank National Association, a national banking association, as trustee ("Trustee"). Upon issuance of the Bonds, and in accordance with the Indenture, all right, title and interest of Issuer under and in connection with the Loan, this Agreement and the other "Loan Documents" (as defined below), will be assigned by Issuer to Trustee, other than certain "Unassigned Rights" of Issuer as defined in the Indenture.

E. Subject to the issuance of the Bonds and subject to the terms and conditions of this Agreement, Issuer is willing to make the Loan to Borrower.

1. Definitions and Interpretation

1.1 Defined Terms. All capitalized terms used in this Agreement and not otherwise defined in this Agreement are defined in Exhibit "B" attached hereto.

1.2 Exhibits Incorporated. All exhibits to this Agreement, as now existing and as the same may from time to time be modified, are incorporated herein by this reference.

2. The Loan

2.1 Amount and Purpose. Subject to the terms of this Agreement, Issuer agrees to make, and Borrower agrees to take, a loan in the principal amount of up to _____ and No/100th Dollars (\$) _____ (the "Loan"), evidenced by the Notes, the proceeds of which shall be used to finance the construction and/or rehabilitation of the Project (all as more particularly described in the Plans) and for the other purposes set forth in the Approved Budget. The Issuer shall be obligated to fund the Loan solely from proceeds of the Bonds provided by the purchaser thereof.

2.2 Bondowner Representative's Loan Fees. On the Issuance Date, Borrower shall pay to Bondowner Representative, for Bondowner Representative's sole account, the Construction Loan Fee (as defined in Note A) in accordance with Note A. [On or before the Conversion Date, Borrower shall pay to Bondowner Representative, for Bondowner Representative's sole account, the Term Loan Fee (as defined in Note A) and a Conversion Fee in the amount of \$ _____].

2.3 Payment. Borrower shall repay the Loan, with interest, in accordance with the provisions of the Notes and this Agreement. All payments and prepayments of principal of, and interest on, the Notes and all Fees, expenses and other Obligations under the Loan Documents payable to Lender shall be made, without deduction, set off, or counterclaim, in immediately available funds not later than 2:00 p.m., local time in Los Angeles, California on the dates due, to Lender at the office specified by it from time to time, for the benefit of Lender, except as otherwise specifically provided in this Agreement. Funds received on any day after 2:00 p.m., local time in Los Angeles, California shall be deemed to have been received on the next Banking Day. Whenever any payment to be made hereunder, under the Notes or under any other Loan Document shall be stated to be due on a day which is not a Banking Day, the payment shall be made on the next succeeding Banking Day and the extension of time shall be included in the computation of any interest and fees. Borrower authorizes Lender, in Lender's sole discretion (but without any obligation to do so), to charge any of Borrower's accounts maintained at Lender, including the Borrower's Funds Account, for the amount of any payment or prepayment on the Notes or other amounts owing pursuant to any of the other Loan Documents. Borrower hereby authorizes Lender, at the sole discretion of Lender (but without any obligation to do so), to make an Advance in order to pay, on behalf of Borrower, any amount due under the Notes or pursuant to any of the other Loan Documents without further action on the part of Borrower and regardless of whether Borrower is able to comply with the terms, conditions and covenants of this Agreement at the time of such Advance.

(i) So long as no Event of Default has occurred and is continuing, all payments received by Lender (including the proceeds of Advances for such payments) for application to the Obligations shall be applied first to pay any past due amounts in the order below, and only after all past due amounts have been paid in full, the payments then shall be applied in the order below for current amounts due:

First, to make the payment required under Section 3.7 of the Deed of Trust, if any, to fund impounds for interest, Impositions (as defined in the Deed of Trust) or insurance premiums, if not already funded from other sources.

Second, to any unpaid interest on the Notes then due under the Loan Documents (but excluding any late payment charges owed to the Lender);

Third, to the unpaid principal balance then due on the Notes under the Loan Documents;

Fourth, to any costs and expenses due under the Loan Documents, and any Fees due to Lender or Bondowner Representative including any LIBOR Breakage Costs;

Fifth, to make any required payment currently required to fund the Reserves, if not funded from other sources;

Sixth, to the unpaid principal balance of the Notes; and

Seventh, to any other Obligations then due.

(ii) After an Event of Default has occurred and is continuing, all amounts received by Lender shall be applied in the order determined by Lender in its sole discretion.

All amounts received by Lender (whether as the result of payment transmitted by Borrower or otherwise) on account of payment of interest on or principal of the Notes, or other payments due under this Agreement or any other Loan Documents, as the case may be, shall be applied by Lender pursuant to this Section 2.3. Lender shall not be obligated hereunder or under any of the other Loan Documents to re-advance to Borrower any sums paid by Borrower, whether paid voluntarily or involuntarily.

2.4 Bondowner Representative Role. Pursuant to the Indenture, U.S. Bank National Association, a national banking association, has been designated the initial "Bondowner Representative." Bondowner Representative shall have the sole right to exercise, grant, make and/or issue all of the rights, powers, elections, determinations, approvals, consents and remedies of "Lender", "Beneficiary" and "Secured Party" under the Loan Documents. All deliveries or payments required to be made under this Agreement or under the other Loan Documents by Borrower to "Lender", "Beneficiary" or "Secured Party" shall be made to Bondowner Representative, unless the terms of this Agreement expressly and specifically provide otherwise.

2.5 Standby Letter of Credit. In order to facilitate the issuance of the Bonds and concurrently with the issuance of the Bonds, at the request of Borrower, as account party, Bondowner Representative, as letter of credit issuer, hereby agrees to issue to the City of Los Angeles Housing Department ("LC Beneficiary"), a standby letter of credit ("SB Letter of Credit"), in the stated amount of \$ _____ and otherwise in the form attached hereto as Exhibit H. Concurrently with, and as a condition to, the issuance of the SB Letter of Credit, Borrower shall pay to Bondowner Representative a letter of credit issuance fee ("LC Fee") in the amount of \$ _____. The LC Fee shall be fully earned upon issuance and shall be non-refundable. Borrower shall, on the date of each drawing under the SB letter of Credit, pay to Bondowner Representative, in immediately available funds, an amount equal to the full amount of such drawing. If Borrower fails to timely make such payment to Bondowner

Representative, an "Event of Default" shall automatically be deemed to have occurred under this Agreement and the other Loan Documents. Borrower shall also pay to Bondowner Representative a \$500.00 drawing fee for each drawing under the SB Letter of Credit (which drawing fee shall also be due and payable on the date of each drawing under the SB Letter of Credit). Any amount which is payable by Borrower to Bondowner Representative under this Section which is not timely paid when due shall bear interest, from such due date until such amount is paid in full, at a floating rate equal to the "Default Rate" (as defined in Note A). All such interest is due and payable upon demand. All payments received under this Agreement and/or the other Loan Documents, whether by voluntary payment by Borrower, any Guarantor or any other person, by foreclosure or otherwise, shall be applied first to pay to Bondowner Representative all amounts owing under this Section before any payment is otherwise applied to other amounts owing under the Loan Documents.

3. Disbursement Procedures.

3.1 Requisitions. Pursuant to the Indenture, ///[\$ _____]/// of the proceeds of the Loan are to be disbursed on the Issuance Date to pay "Qualified Project Costs" (as defined in the Indenture) (the "Initial Disbursement"). The balance of the proceeds of the Loan shall be disbursed from time to time to or for the account of Borrower only in accordance with, and upon the satisfaction of the conditions precedent contained in, ///[Sections 2.06 and 5.02]/// of the Indenture, including, with respect to each Disbursement, the delivery of a Requisition (as defined below) signed by Borrower and approved in writing by Bondowner Representative and, to extent required under the terms of the Indenture, the Issuer. Bondowner Representative's approval of any Requisition for a Disbursement shall be given in accordance with this Agreement and shall be subject to the prior satisfaction of all of the conditions precedent to such Disbursement contained in this Agreement, including, but not limited to, Sections 4.1, 4.2 and 4.3. The Loan proceeds (and all funds now or hereafter on deposit in the Borrower's Funds Account) shall be disbursed on a line-item by line-item basis in accordance with the Approved Budget and subject to the conditions in Articles 3 and 4. In no event shall Bondowner Representative have any obligation to consent to any disbursement on account of any item if the amount to be disbursed on account of that item, when taken in the aggregate with all amounts previously disbursed on account of that item, exceeds the amount allocated to such item in the Approved Budget. Except as otherwise expressly provided below, no amendments, modifications or re-allocations may be made to the Approved Budget without the prior written consent of Bondowner Representative. Disbursements shall be made only upon Borrower's written request in the form attached hereto as Exhibit "E" (a "Requisition") showing all costs which Borrower intends to fund with such Disbursement, itemized in such detail as Bondowner Representative may require, accompanied in each case by (a) an Application and Certificate for Payment (AIA Documents G702 and G703), or other document acceptable to Bondowner Representative, containing certifications by Contractor and Architect that construction to the date of the Requisition is in accordance with the Plans and all recommendations contained in any approved soils report, (b) invoices and lien releases satisfactory to Bondowner Representative, including in any event partial lien releases executed by each contractor and subcontractor who has received any payment for work performed, and (c) all other documents and information reasonably required by Bondowner Representative. Requisitions shall be submitted in duplicate no less than seven (7) Banking Days prior to the date of the requested Disbursement, and shall not be submitted more often than monthly. In requesting any

Disbursement, Borrower shall comply with all applicable requirements of the Indenture. Notwithstanding the foregoing, Bondowner Representative may, in its absolute discretion, make and/or direct Trustee to make Disbursements from time to time, in the absence of a Requisition, to pay Issuer, Trustee and/or Bondowner Representative fees and interest on the Loan from funds allocated for that purpose in the Approved Budget, to make payments reasonably deemed advisable by Bondowner Representative to protect the Property or Issuer's, Trustee's or Bondowner Representative's interests under any Loan Document, and to fulfill any reimbursement obligation of Borrower under Section 13.3 that Borrower has not timely fulfilled (and such amounts shall constitute "Disbursed Amounts" under the Indenture).

3.2 Manner of Disbursement; Order of Disbursement. Disbursements of Loan proceeds shall be made directly by Bondowner Representative to Trustee, as a payment by Bondowner Representative on account of the purchase price of the Bonds, in which event (i) Trustee shall promptly deliver such funds to or for the account of Borrower, (ii) such amount shall be deemed a "Disbursed Amount" under the Indenture, and (iii) the principal amount of the Bonds shall be increased by a like amount. Any Disbursement may be made by check payable to Borrower, or by check payable jointly to Borrower and any contractor, subcontractor or other claimant, or directly to any such claimant, or by any other means reasonably selected by Bondowner Representative. All Disbursements made hereunder shall be credited as Disbursements made under Note A until \$ _____ of the proceeds of the Loan have been disbursed hereunder, next as Disbursements made under Note B until \$ _____ of the proceeds of the Loan have been disbursed hereunder, and next as Disbursements made under Note C until the balance of the Loan proceeds have been disbursed. In no event shall Issuer, Trustee or Bondowner Representative have any obligation to consent to Disbursements of more than \$ _____, in the aggregate, under this Agreement. Notwithstanding anything to the contrary contained herein, if, on _____, 20____, Lender has disbursed less than \$ _____ of Loan proceeds, Lender shall have the right, but not the obligation, to disburse to Borrower an amount sufficient to increase the total Loan proceeds then disbursed to Borrower under this Agreement to \$ _____, by depositing such additional amount into the Borrower's Funds Account. All such additional amounts shall be deemed fully advanced by Lender to Borrower under Note A and Note B, and shall bear interest and be due and payable in accordance with Note A, Note B and this Agreement. All such amounts shall be held by Lender in the Borrower's Funds Account and, subject to the satisfaction of all of the conditions precedent to disbursements of Loan proceeds, made available for release to Borrower for payment of Project costs shown on the Approved Budget.

3.3 Cost Overruns. In the event that, at any time and for any reason, (a) the actual cost reasonably estimated by Bondowner Representative or Borrower to be required to complete all matters included in any line item in the Approved Budget exceeds the amount allocated to that line item in the Approved Budget, or (b) Project Costs for any matters not covered by a specific line item in the Approved Budget have been or will be incurred, or (c) the undisbursed portion of the Loan (together with the undisbursed portion of the Borrower's Funds Account and the undisbursed portion of Investor Limited Partner's Equity Commitment (so long as no breach of any material covenant, or failure to timely satisfy any condition, has occurred under the Partnership Agreement)) is or may be insufficient to pay all Project Costs that may be payable under the Loan Documents, the Bond Documents and otherwise in connection with the Project or the Loan (including, without limitation, a reserve for interest), Borrower shall, within

five (5) days after Bondowner Representative gives Borrower written notice of such determination by Bondowner Representative, do one or more of the following:

(i) provide satisfactory evidence to Bondowner Representative that Borrower has previously paid such excess or additional Project Costs or otherwise provided for such insufficiency (collectively, the "Excess Costs") with funds from a source other than the Loan;

(ii) reallocate sufficient funds to pay the Excess Costs from funds allocated to "Contingency" in the Approved Budget; provided, however, that Bondowner Representative's consent to any such reallocation shall be required under Section 3.7, below, unless the reallocated funds were originally transferred to "Contingency" from cost savings pursuant to this Agreement; or

(iii) deposit an amount equal to the Excess Costs in an interest-bearing deposit account (the "Borrower's Funds Account") with Bondowner Representative from which withdrawals may be made only with the consent of Bondowner Representative.

Bondowner Representative shall have no obligation to consent to further Disbursements until Borrower has paid or otherwise provided for the Excess Costs as required above. Amounts deposited by Borrower in the Borrower's Funds Account for any line item shall be disbursed prior to the disbursement of any remaining Loan proceeds for such line item. As additional security for all of Borrower's obligations under the Loan Documents, Borrower hereby pledges to Issuer, and grants to Issuer a security interest in, the Borrower's Funds Account, all amounts now or hereafter on deposit in the Borrower's Funds Account, all interest and other earnings on the Borrower's Funds Account, if any, all additions, increases, modifications, renewals, rollovers, substitutions and replacements to and/or for the foregoing collateral, and all proceeds and products of the foregoing collateral, whether voluntary or involuntary.

3.4 Cost Savings. Upon completion of and disbursement for all matters covered by any line item in the Approved Budget, any remaining undisbursed amounts allocated to that line item shall be reallocated to the "Contingency" line item in the Approved Budget and thereafter be available for disbursement in accordance with the terms of this Agreement. Except as expressly provided above, no amendments to, or reallocations within, the Approved Budget may be made without Lender's prior written consent, which consent may be made in Lender's sole and absolute discretion.

3.5 Retainage. As to each item in the Approved Budget, Disbursements shall be made for such item in the amount of 90% of the costs for such item properly incurred and substantiated by Borrower during the course of the Project, with a retainage of 10% of the total cost of work then completed. All amounts so retained shall be disbursed upon satisfaction of all conditions to the final Disbursement set forth in Section 4.3.

3.6 Borrower's Funds Accounts. Borrower shall deposit into the Borrower's Funds Account (a) all amounts required to be deposited into the Borrower's Funds Account pursuant to Section 3.3, above, and (b) all of the Equity Contribution Deposits set forth on

Exhibit "G" (except for any Equity Contribution Deposits which are required to be made under Exhibit "G" following the Conversion Date). All amounts deposited in the Borrower's Funds Account shall be disbursed solely to pay Project Costs on the same terms, and subject to the same conditions, that Loan proceeds are to be disbursed under this Agreement. In addition, all amounts from time to time deposited into the Borrower's Funds Account shall be fully disbursed before any further Disbursement of Loan proceeds. All funds in the Borrower's Funds Account are subject to the pledge described in Section 3.3, above.

3.7 Offsite Materials. In the event that any Requisition includes the cost of materials stored at a location other than the Property ("Offsite Materials"), such Requisition shall include each of the following:

(a) evidence that the Offsite Materials have been segregated from other materials in the facility and have been appropriately marked to indicate Borrower's ownership thereof and Lender's security interest therein; and

(b) evidence that the Offsite Materials are insured as required hereunder.

3.8 Disbursements for Developer's Overhead/Fees/Profits. _____ Thousand and No/100th Dollars (\$ _____) of the amount allocated to "developer's fees" in the Approved Budget shall be available for disbursement upon the satisfaction of the conditions set forth in Sections 4.1 and 4.2, below. An additional \$ _____ of the amount allocated to "developer's fee" in the Approved Budget shall be available for disbursement solely from capital contribution deposits, Subordinate Loan proceeds and net cash flow (after debt service) received by Borrower following the Conversion Date. [CORRECT WHEN FINAL SCHEDULE IS AVAILABLE.] Any request for disbursement for developer fees shall be based on Borrower's Disbursement Request, which must contain such supporting documentation, as Bondowner Representative shall reasonably require. Each disbursement is subject to the condition precedent that the Investor Limited Partner timely deposits all Equity Deposits in the Borrower's Funds Account. After the Conversion Date, Borrower shall be permitted to receive developer fees from the net income generated by the Project in accordance with the Partnership Agreement provided that Borrower is in compliance with Section 8.18, below, and that Borrower is otherwise permitted to make distributions under this Agreement and the other Loan Documents.

3.9 Interest Reserve. Subject to the terms and conditions of this Agreement, amounts allocated to the line item set forth as "interest reserve" on the Approved Budget ("Interest Reserve") shall be available for disbursement solely to pay interest on the Loan. Notwithstanding anything to the contrary contained elsewhere herein or in any other Loan Documents, (i) in no event shall Lender be required to make any disbursements from amounts allocated to the "interest reserve" line to Borrower, on account of interest during any calendar month, in an amount in excess of the amount by which the accrued interest for such month exceeds the net operating income (before debt service) generated by the Property during the immediately preceding calendar month and (ii) Lender may, in its sole discretion, elect to use amounts allocated to the "interest reserve" line item, without a written request from Borrower to pay interest on the Notes.

3.10 Contingency Holdback Reserve. Notwithstanding anything to the contrary set forth herein, \$ _____ of the funds allocated to "Contingency" in the Approved Budget ("Contingency Holdback Reserve") shall be disbursed or reallocated only if and to the extent Bondowner Representative approves such disbursement or reallocation, which approval shall be in Bondowner Representative's sole and absolute discretion. Borrower hereby acknowledges that Bondowner Representative has no obligation to consent to any disbursement or reallocation of the Contingency Holdback Reserve.

3.11 Waiver of Disbursement Conditions. Unless Bondowner Representative otherwise agrees in writing, the consent by Bondowner Representative to any Disbursement with the knowledge that any condition to such Disbursement is not fulfilled shall constitute a waiver of such condition only with respect to the particular Disbursement made, and such condition shall be a condition to all further Disbursements until fulfilled.

4. Conditions to Issuance of Bonds and to Disbursements.

4.1 Issuance of Bonds. The issuance of the Bonds, Issuer's and Bondowner Representative's agreement to enter into this Agreement, the other Loan Documents and the Bond Documents, and Issuer's and Bondowner Representative's obligations to make and consent to the first Disbursement under this Agreement, are subject to the satisfaction, or waiver by Bondowner Representative, of all of the following conditions precedent:

4.1.1 Bondowner Representative shall have received each of the documents listed in Exhibit "F" attached hereto, each in form and substance satisfactory to Bondowner Representative.

4.1.2 The Regulatory Agreement shall have been duly executed, acknowledged and delivered by Borrower to Issuer and Bondowner Representative.

4.1.3 Bondowner Representative shall have received and approved a Phase I Site Assessment prepared by a licensed and registered environmental engineer or other qualified party satisfactory to Bondowner Representative, stating that no Hazardous Substances are present in, on, under or around the Property, and that no condition or circumstance warranting further investigation now exists.

4.1.4 The Memorandum of Ground Lease, the Regulatory Agreement, the Deed of Trust, the Deed of Trust Assignment and the LAHD Subordination Agreement shall have been recorded, in that order, in the Official Records of the County.

4.1.5 The Project Financing Statements shall have been filed with the Secretary of State, and Bondowner Representative shall have received a certificate of the Secretary of State showing such Project Financing Statements to be subject to no prior filings (other than filings perfecting Permitted Liens).

4.1.6 Borrower shall, at its sole expense, have delivered to Bondowner Representative an ALTA loan policy – 2006, with ALTA endorsement Form 1 coverage, amended 6/17/06, without further revision or amendment, or evidence of a commitment therefor satisfactory to Bondowner Representative, in form and substance and

issued by an insurer satisfactory to Bondowner Representative, together with all endorsements and binders required by Bondowner Representative, naming Trustee as the insured, in a policy amount of not less than \$ _____, showing Borrower as the owner of a leasehold interest in the Property and a fee interest in the Improvements located on the Property and insuring the Deed of Trust to be a valid first priority lien on the Property, subject only to the Permitted Encumbrances.

4.1.7 Borrower shall, at its sole expense, have delivered to Bondowner Representative, in form and substance reasonably satisfactory to Bondowner Representative:

(a) an ALTA survey which (i) shows all "setbacks" and other restrictions applicable to the Property pursuant to requirements of Governmental Agencies and applicable covenants, conditions and other private restrictions, (ii) shows all easements, licenses and other rights of way, (iii) shows no encroachments onto the Property or from the Property onto adjoining property which are not acceptable to Lender, in Lender's sole discretion, and (iv) certifies the legal description of the Property as insured in the Title Policy; and

(b) a certificate (the "Surveyor's Certificate") pursuant to which the person who prepared the ALTA survey certifies to Issuer, Trustee, Bondowner Representative and the applicable title insurer that the survey was made on the ground and in accordance with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys as adopted by the American Land Title Association and the American Congress on Surveying and Mapping, and is correct and complete; that access to the Property, and utilities shown on the survey, are sufficient and in accordance with applicable requirements; that the Property does not fall within a designated flood hazard area; and as to such other matters as Bondowner Representative reasonably requires.

4.1.8 Bondowner Representative shall have received and approved an executed original of each of the following opinions, in each case addressed to Issuer and Bondowner Representative and in each case in form and substance approved by Issuer and Bondowner Representative: (a) the opinion of counsel to Borrower, Borrower's General Partner and the Guarantor, addressed to Issuer and Bondowner Representative, opining as to the due formation, qualification and good standing of Borrower, Borrower's General Partner and Guarantor, the due authorization by Borrower, Borrower's General Partner and the Guarantor of the execution, delivery and performance of the Loan Documents, and the enforceability of the Loan Documents, and covering such other matters as Bondowner Representative may require; and (b) an opinion of "Bond Counsel" and/or counsel to Issuer, addressed to Bondowner Representative and Trustee, opining as to the due formation, qualification and good standing of the Issuer; the due execution, delivery and performance by the Issuer of the Indenture, the Deed of Trust Assignment and related documents, the enforceability of the Indenture, Deed of Trust Assignment and related documents, and the availability of an exemption from federal income taxation for all interest accruing on the Bonds.

4.1.9 Bondowner Representative shall have received and approved such financial statements, tax returns and other financial information as it may require regarding

the financial condition of Borrower, each general partner of Borrower, Guarantor and/or the Property.

4.1.10 Bondowner Representative shall have received and approved a detailed sources and uses statement showing (i) all costs and expenses of issuance of the Bonds and Subordinate Loans, and (ii) all sources for payment of such costs and expenses and (iii) all Project Costs.

4.1.11 Borrower shall have delivered to Bondowner Representative all certificates of insurance for all policies required pursuant to this Agreement.

4.1.12 Bondowner Representative shall have received and approved fully executed copies of all Subordinate Loan Documents.

4.1.13 Bondowner Representative shall have received and approved the Preliminary Reservation.

4.1.14 Investor Limited Partner shall have delivered its initial capital contribution of \$ _____ to Bond Trustee for deposit into the Borrower's Funds Account.

4.1.15 Borrower shall have paid to Bondowner Representative, in immediately available funds, (a) all fees payable by Borrower to Bondowner Representative pursuant to Section 2.2; and (b) all costs and expenses incurred by Issuer, Trustee and Bondowner Representative in connection with the issuance of the Bonds, the making of the Loan and the negotiation, preparation and closing of the Loan Documents and Bond Documents, including, but not limited to, all costs and expenses described in Section 13.3.

4.1.16 Bondowner Representative shall have received and approved in writing, in Bondowner Representative's sole discretion, or shall have waived in writing the requirement of, (a) copies of all building permits and similar permits, licenses, approvals and other authorizations of Governmental Agencies required in connection with the development of the Project, referencing the correct name of the Borrower (collectively, the "Project Approvals"), (b) copies of all material Project Agreements, and (c) copies of all environmental documents prepared, adopted, certified or filed by or with any Governmental Agency in connection with any Project Approval, including, without limitation, any initial study, negative declaration, mitigated negative declaration, environmental impact report, notice of determination or notice of exemption prepared, adopted, certified or filed by or with any Governmental Agency pursuant to the requirements of the California Environmental Quality Act.

4.1.17 Bondowner Representative shall have received and approved in writing a guaranteed maximum price or fixed price construction contract ("Construction Contract") for the Project between Borrower and Contractor, within the hard cost allocation established under the Approved Budget and otherwise in form and substance reasonably satisfactory to Bondowner Representative.

4.1.18 Bondowner Representative shall have received and approved in writing a full set of the plans and specifications ("Plans") for the construction of the Project and

the construction of the community center, certified as complete by the Architect and containing evidence of all necessary or appropriate approvals of Governmental Agencies.

4.1.19 Bondowner Representative shall have received, reviewed and approved, in its sole and absolute discretion, that certain Ground Lease by and between Borrower, as ground lessee, and Ground Lessor, as ground lessor.

4.1.20 Bondowner Representative shall also have received, reviewed and approved, in its sole and absolute discretion, a written construction cost analysis, based upon the final approved Plans, the Approved Budget and the final approved Construction Contract, confirming to Bondowner Representative's satisfaction that the Project can be constructed, operated and leased for a total cost not in excess of the final Approved Budget.

4.1.21 (i) Bondowner Representative shall have received, reviewed and approved, in its sole and absolute discretion, the written approval of the Department of Finance of the State of California as to the previous transfer of the Property from the Redevelopment Agency of the City of Los Angeles ("CRA") to the City of Los Angeles and (ii) any options to purchase or rights of reverter in favor of the CRA set forth in the grant deed evidencing such transfer or otherwise shall have been fully subordinated to the liens and charges of the Deed of Trust and the Loan Documents pursuant to a subordination agreement in a form and substance approved by Bondowner Representative in its sole and absolute discretion.

4.1.22 (i) Pursuant to a loan agreement dated as of _____, 2013, executed by and between the City of Los Angeles, acting through the Los Angeles Housing Department ("LAHD") and Borrower ("LAHD Loan Agreement"), LAHD shall have loaned to Borrower (the "LAHD Loan") not less than Four Million Five Hundred Thousand and No/100th Dollars (\$4,500,000) to finance a portion of the costs to be incurred by Borrower in connection with Borrower's acquisition and development of the Property; (ii) Lender shall have received and approved a final fully-executed copy of the LAHD Loan Documents (including, without limitation, the LAHD Loan Agreement, any promissory note ("LAHD Note") evidencing the LAHD Loan, any deed of trust ("LAHD Deed of Trust") securing the LAHD Note; (iii) LAHD and Borrower shall have duly executed, acknowledged and delivered to Lender a subordination agreement which subordinates the LAHD Note, the LAHD Deed of Trust, any regulatory agreement required to be executed by Borrower in connection with the LAHD Loan and all other documents evidencing, securing or otherwise required in connection with the LAHD Loan, in a form acceptable to Bondowner Representative (the "LAHD Subordination Agreement"); (iv) LAHD, Lender and Borrower shall have duly executed an intercreditor agreement, in a form acceptable to Bondowner Representative (the "Intercreditor Agreement") and (v) not less than one hundred percent (100%) of the LAHD Loan proceeds shall have been, concurrently with the issuance of the Bonds, disbursed to Borrower to fund project costs set forth on the Approved Budget.

4.1.23 (i) Pursuant to that certain Standard Agreement (the "Infill Grant Standard Agreement") dated as of _____, 2013, HCD shall have agreed to make a loan to Borrower (the "Infill Grant") in the amount of One Million Eight Hundred Ninety-Four Thousand Two Hundred Eighty and No/100th Dollars (\$1,894,280) to finance a portion of the costs to be incurred by Borrower in connection with the acquisition and

development of the Property; (ii) Lender shall have received and approved (a) a written loan commitment, executed by and between HCD and Borrower (the "Infill Grant Commitment"), (b) the Infill Grant Standard Agreement executed by and between HCD and Borrower, (c) any Disbursement Agreement required relating to the disbursement of the Infill Grant proceeds (the "Infill Grant Disbursement Agreement"), (d) any note ("Infill Grant Note"), deed of trust ("Infill Grant Deed of Trust"), guaranty ("Infill Grant Guaranty") or other loan document evidencing, securing, guaranteeing or otherwise affecting the Property (the "Infill Grant Regulatory Agreement", and together with the Infill Grant Commitment, the Infill Grant Standard Agreement, the Infill Grant Disbursement Agreement, the Infill Grant Note, the Infill Grant Deed of Trust and the Infill Grant Guaranty, the "Infill Grant Documents"), and (iii) HCD and Borrower shall have delivered to Lender (a) an Estoppel Letter (the "Infill Grant Estoppel") in favor of Lender, in a form acceptable to Lender, relating to the Infill Grant, (ii) the Infill Grant Disbursement Agreement, and (iii) a subordination agreement which subordinates the Infill Grant Documents to the liens and charges of the Deed of Trust and the other Loan Documents, in a form acceptable to Lender (the "Infill Grant Subordination Agreement").

4.1.24 Bondowner Representative shall have received written approval of Ground Lessor to the Plans approved by Lender.

4.1.25 Bondowner Representative shall have received, reviewed and approved the CC&Rs.

4.1.26 (i) Bondowner Representative shall have received, reviewed and approved an Agreement to Enter Into Housing Assistance Payment Contract ("AHAP") between Borrower and _____ ("Contract Administrator"), pursuant to which Borrower and Contract Administrator agree to enter into a Section 8 Housing Assistance Payment Contract relating to ___ units in the Project for a term of at least twenty (20) years upon the completion of the Project and (ii) Borrower shall have executed an Assignment of Agreement to Enter Into Housing Assistance Payment Contract dated as of even date herewith pursuant to which Borrower makes a collateral assignment to Lender of its interest under the AHAP ("Assignment of AHAP") in a form acceptable to Bondowner Representative, which Assignment of AHAP must be consented to in writing by Contract Administrator in a form and substance approved by Bondowner Representative ("Consent to Assignment of AHAP").

4.2 Any Disbursement. Bondowner Representative's obligation to consent to any Disbursement (including the first Disbursement and the final Disbursement) is subject to the satisfaction, or waiver by Bondowner Representative, of the following conditions precedent:

4.2.1 All of the conditions precedent set forth in Section 4.1 shall have been timely satisfied.

4.2.2 Borrower shall have made payment to Contractor for the amounts covered by all prior Requisitions.

4.2.3 Bondowner Representative shall have determined, based upon its own inspections or other evidence satisfactory to it, that the Project is being constructed in a

good and workmanlike manner by appropriate means in accordance with the Plans and that all required inspections and approvals have been obtained as and when necessary or desirable.

4.2.4 The Title Company shall be prepared to issue a date down endorsement to the Title Policy insuring that the lien of the Deed of Trust is a first, prior and paramount lien against the Property and the Project securing all previous disbursements and the disbursement then being requested, and that nothing has intervened to affect the validity or priority of the Deed of Trust.

4.2.5 Borrower is in compliance with Section 3.3 and in Bondowner Representative's judgment Borrower can finish the Project and pay for it without obtaining additional funds (other than sources of funds identified in the Approved Budget attached hereto).

4.2.6 Bondowner Representative has received, in form and substance acceptable to Bondowner Representative:

(i) A Requisition and all supporting documentation required by Bondowner Representative, including work progress certifications by Contractor, and approval from the independent third-party inspector named by Bondowner Representative, as well as invoices and mechanic's lien claim waivers and releases;

(ii) Prior to the second Disbursement, the Title Policy; and

(iii) With respect to the first Disbursement subsequent to the completion of foundations and footings, an endorsement to the Title Policy in form and substance acceptable to Bondowner Representative insuring that all foundations and footings are within the boundaries of the Property and that no buildings are to be constructed within the areas of any easement.

4.2.7 The representations and warranties in Article 5 (other than those of the Issuer) and in the other Loan Documents shall be correct as of the date of the Disbursement as though made as of that date, and Bondowner Representative shall have received a certificate to that effect signed by a Designated Representative.

4.2.8 No Event of Default shall remain uncured and no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default, and Bondowner Representative shall have received a certificate to that effect signed by a Designated Representative.

4.2.9 No stop notice (whether bonded or not) shall have been served upon or otherwise delivered to Issuer, Trustee or Bondowner Representative in connection with the development of the Project or otherwise in connection with the Loan, unless Borrower shall have (a) paid and discharged the same, or (b) effected the release thereof by delivering to Bondowner Representative a surety bond complying with the requirements of applicable Laws for such release.

4.2.10 No claim of lien, notice and claim of mechanic's lien or other similar document or instrument shall have been recorded against the Property or any portion

thereof, unless Borrower shall have (a) paid and discharged the same, or (b) effected the release thereof by delivering to Bondowner Representative a surety bond complying with the requirements of applicable Laws for such release or, (c) subject to the terms and conditions of Section 6.9, below, deposited cash or other security with Bondowner Representative in lieu of the surety bond described in clause (b), above, in accordance with Section 6.9 below.

4.2.11 Bondowner Representative shall have reasonably determined, based on its own inspections or other reliable information, that the construction of the Project is progressing satisfactorily and in conformance with this Agreement, all applicable Laws and other requirements.

4.3 Final Disbursement. Bondowner Representative's obligation to consent to the disbursement of that portion of the Loan funds retained pursuant to Section 3.5 is subject to the satisfaction, or waiver by Bondowner Representative, of the following additional conditions precedent:

4.3.1 The construction of the Project shall be complete, as such completion is defined in Section 6.1.

4.3.2 Any portion of the Project requiring inspection or certification by any Governmental Agency shall have been inspected and certified as complete, a final certificate of occupancy shall have been issued covering the Project and all other necessary approvals, licenses, exemptions and other authorizations of Governmental Agencies shall have been duly obtained.

4.3.3 Bondowner Representative shall have received, in form and substance acceptable to Bondowner Representative:

(i) Evidence that Borrower has accepted the Project as complete;

(ii) Any portion of the Project requiring inspection or certification by any Governmental Agency shall have been inspected and certified as complete, a final certificate of occupancy shall have been issued covering the Project (or if a certificate of occupancy for the improvements now exists, other evidence that the Los Angeles Department of Building and Safety has approved all work) and all other necessary approvals, licenses, exemptions, and other authorizations of Governmental Agencies shall have been duly obtained;

(iii) A report from an inspector named by Bondowner Representative that, based upon personal inspections at adequate intervals (not less frequently than monthly) during construction, all work has been completed in a good workmanlike manner and substantially in accordance with the Plans (as amended by change orders made in compliance with this Agreement), and in accordance with applicable governmental requirements;

(iv) Evidence that all construction costs shall, upon making the final Disbursement, have been paid in full;

(v) Evidence that the period for filing mechanic's liens has expired without the filing of any lien (or, if any such lien has been filed, evidence that such lien has been fully released of record);

(vi) Evidence of full payment for personal property in which Issuer, Trustee and/or Bondowner Representative has a security interest; and

(vii) A certificate satisfactory to Bondowner Representative from the Architect regarding compliance with Access Laws (as defined in the Deed of Trust).

4.3.4 At least one of the following shall have occurred:

(a) Sixty-Five (65) days shall have passed since the recording of a valid notice of completion for the construction of the Project and no mechanic's or materialman's lien shall be outstanding; or

(b) Ninety-Five (95) days shall have passed since actual completion of the construction of the Project and no mechanic's or materialman's lien shall be outstanding; or

(c) Bondowner Representative shall be satisfied that no mechanic's or materialman's lien will impair its interest in the Property; and Bondowner Representative hereby agrees that a CLTA Form No. 101.2 Endorsement to the Title Policy, in form and substance reasonably satisfactory to Bondowner Representative, shall satisfy the requirement of this subparagraph (c).

4.4 Special Conditions. Bondowner Representative shall have no obligation to consent to any Disbursement after, or permit any Disbursement to be made after, _____ ("Special Conditions Date"), unless, on or before such date, Wincopin Circle LLLP, a _____ limited liability limited partnership ("Initial Investor Limited Partner"), (a) causes to be formed _____ Fund, a _____ ("Investor Limited Partner"), a tax credit investment limited partnership, (b) Initial Investor Limited Partner is the sponsor and with one or more of its wholly owned affiliates, is the managing general partner of Investor Limited Partner, (c) not less than \$ _____ has been contributed to the capital of Investor Limited Partner (and remains invested as capital), (d) the limited partners, all of whom shall be approved by Bondowner Representative, of Investor Limited Partner shall have unconditionally agreed to contribute not less than \$ _____ of additional capital to Investor Limited Partner, and (e) 100% the limited partnership interests of Initial Investor Limited Partner in Borrower, and all rights and obligations of Initial Investor Limited Partner under the Partnership Agreement, have been assigned to, and assumed by Investor Limited Partner pursuant to a fully executed and delivered written assignment and assumption agreement in a form acceptable to Bondowner Representative (all of the forgoing conditions are sometimes collectively referred to herein as the "Special Conditions:"). Without limitation on the forgoing, if all of the Special Conditions have not been fully satisfied prior to the Special Conditions Date, then on the Special Conditions Date an Event of Default shall automatically be

deemed to have occurred and all amounts owing under the Loan Documents shall immediately become due and payable in full.

5. Representations and Warranties. As a material inducement to Issuer's and Bondowner Representative's entry into this Agreement, Borrower represents and warrants to Issuer and Bondowner Representative that:

5.1 Formation, Qualification and Compliance. Borrower (a) is a limited partnership validly existing and in good standing under the laws of the State of California, (b) has all requisite authority to conduct its business and own and lease its properties, and (c) is qualified and in good standing in every jurisdiction in which the nature of its business makes qualification necessary or where failure to qualify could have a material adverse effect on its financial condition or the performance of its obligations under the Loan Documents. Borrower is in compliance in all material respects with all Laws applicable to its business and has obtained all approvals, licenses, exemptions and other authorizations from, and has accomplished all filings, registrations and qualifications with, any Governmental Agency that are necessary for the transaction of its business. Each Guarantor that is not a natural person, if any, is validly existing and in good standing in all appropriate jurisdictions, has all requisite authority to conduct its business and own and lease its properties, and has complied with all applicable requirements of Governmental Agencies.

5.2 Execution and Performance of Loan Documents.

5.2.1 Borrower and Guarantor have all requisite authority to execute, and perform their obligations under, the Loan Documents.

5.2.2 The execution and delivery by Borrower and Guarantor of, and the performance by Borrower and Guarantor of their obligations under, each Loan Document have been authorized by all necessary action and do not and will not:

(a) require any consent or approval not heretofore obtained of any Person having any interest in Borrower or Guarantor;

(b) violate any provision of, or require any consent or approval not heretofore obtained under, any partnership agreement, articles of incorporation, by-laws or other governing document applicable to Borrower, Guarantor, or any general partner of Borrower or Guarantor;

(c) result in or require the creation of any lien, claim, charge or other right of others of any kind (other than under the Loan Documents) on or with respect to any property now or hereafter owned or leased by Borrower or Guarantor;

(d) violate any provision of any Law presently in effect; or

(e) constitute a breach or default under, or permit the acceleration of obligations owed under, any contract, loan agreement, lease or other agreement or document to which Borrower or Guarantor is a party or by which Borrower or Guarantor or any of their property is bound.

5.2.3 Neither Borrower nor Guarantor is in default, in any respect that is materially adverse to Issuer's or Bondowner Representative's interests under the Loan Documents or that would have any material adverse effect on the financial condition of Borrower or Guarantor or the conduct of their business, under any Law, contract, lease or other agreement or document described in subparagraph (d) or (e) of the previous Subsection.

5.2.4 No approval, license, exemption or other authorization from, or filing, registration or qualification with, any Governmental Agency is required in connection with:

(a) the execution by Borrower and Guarantor of, and the performance by Borrower and Guarantor of their obligations under, the Loan Documents (other than building permits required in connection with the construction of the Project (if any)), the Bond Documents or the Subordinate Loan Documents; and

(b) the creation of the liens described in the Loan Documents and the Bond Documents, and the liens which secure or will secure, the obligations of Borrower under the Subordinate Loans.

5.3 Financial and Other Information. All financial information furnished to Issuer and/or Bondowner Representative with respect to Borrower, General Partner and Guarantor in connection with the Loan (a) is complete and correct in all material respects, (b) accurately presents the financial condition of Borrower, General Partner and Guarantor and (c) has been prepared in accordance with generally accepted accounting principles consistently applied or in accordance with such other principles or methods as are reasonably acceptable to Bondowner Representative. All other documents and information furnished to Issuer and/or Bondowner Representative with respect to Borrower, General Partner and Guarantor in connection with the Loan are correct in all material respects and complete insofar as completeness is necessary to give Issuer and Bondowner Representative an accurate knowledge of their subject matter. Neither Borrower, General Partner nor Guarantor has any material liability or contingent liability not disclosed to Issuer and Bondowner Representative in writing and there is no material lien, claim, charge or other right of others of any kind (including liens or retained security titles of conditional vendors) on any property of any such Person not disclosed in such financial statements or otherwise disclosed to Issuer and Bondowner Representative in writing. Without limiting the generality of the foregoing, Borrower has furnished Issuer and Bondowner Representative with true and complete copies of all Bond Documents.

5.4 No Material Adverse Change. There has been no material adverse change in the condition, financial or otherwise, of Borrower, any General Partner or Guarantor since the dates of the latest financial statements furnished to Issuer and Bondowner Representative. Since those dates, neither Borrower, nor any General Partner nor any Guarantor has entered into any material transaction not disclosed in such financial statements or otherwise disclosed to Issuer and Bondowner Representative in writing.

5.5 Tax Liability. Borrower has filed all required federal, state and local tax returns and has paid all taxes due (including interest and penalties, but subject to lawful

extensions disclosed to Issuer and Bondowner Representative in writing) other than taxes being promptly and actively contested in good faith and by appropriate proceedings. Borrower is maintaining adequate reserves for tax liabilities (including contested liabilities) in accordance with generally accepted accounting principles or in accordance with such other principles or methods as are reasonably acceptable to Bondowner Representative.

5.6 Governmental Requirements.

5.6.1 Borrower is in compliance with all Laws relating to the Property and all licenses, exemptions, approvals and other authorizations of Governmental Agencies required in connection with the Property and the development of the Project, including each of the following as applicable:

- (a) zoning, land use and planning requirements, including requirements arising from, or relating to the adoption or amendment of, any applicable general plan;
- (b) subdivision and parcel map requirements;
- (c) environmental requirements, including requirements of the California Environmental Quality Act and the National Environmental Policy Act and the preparation and approval of all required environmental impact statements and reports;
- (d) requirements in connection with use, occupancy and building permits; and
- (e) requirements of public utilities.

5.6.2 Borrower has obtained, or prior to commencing any construction of Improvements on any portion of the Property for which a permit is required, will obtain, all building permits and similar permits, licenses, approvals and other authorizations of Governmental Agencies required in connection with the ownership, development and use of the Property and the Project, other than certificates of occupancy customarily not capable of being obtained prior to the completion of the Improvements.

5.7 Rights of Others. Borrower is in compliance with all covenants, conditions, restrictions, easements, rights of way and other rights of third parties relating to the Property.

5.8 Approved Budget. The Approved Budget is based on information deemed reliable by Borrower and represents Borrower's best estimate of all costs required to complete the Project.

5.9 Litigation. There are no material actions or proceedings pending or, to the best of Borrower's knowledge, threatened against or affecting Borrower, General Partner, Guarantor or any property of any of them before any Governmental Agency, except as disclosed to Issuer and Bondowner Representative in writing prior to the execution of this Agreement.

5.10 Hazardous Materials. Except as previously disclosed to Issuer and Bondowner Representative in writing, Borrower has no knowledge of the presence on, under or about the Property, now or in the past, of any Hazardous Materials, or of the transportation to or from the Property of any Hazardous Materials.

5.11 Project Agreements. Borrower has delivered to Issuer and Bondowner Representative true and complete copies of all Project Agreements, together with all modifications thereto. Except as otherwise disclosed to Issuer and Bondowner Representative in writing, all such agreements are in full force and effect and no party is in default under any such agreement.

5.12 Name and Principal Place of Business. Borrower presently uses no trade name other than its actual name. Borrower's principal place of business is 30141 Agoura Road, Suite 100, Agoura Hills, California 91301, Attention: President.

5.13 Formation, Qualification and Authority of Partners. Each General Partner that is not a natural person, if any, is validly existing and in good standing in all appropriate jurisdictions and has all requisite authority to conduct its business, to own and lease its properties, to act as a partner, and to execute and perform its obligations under the Loan Documents.

5.14 Delivery of Documents. Borrower has delivered to Issuer and Bondowner Representative true and complete copies of every lease, contract and other document that grants rights to, or imposes obligations on, Borrower in connection with the Property, and has fully disclosed to Issuer and Bondowner Representative in writing the material terms of all oral agreements granting or imposing any such rights or obligations.

5.15 Access; Roads. All roads and other accesses necessary for the Construction of the Improvements and full utilization thereof for their intended purposes have either been completed or the necessary rights of way therefor have either been acquired by the appropriate Governmental Authority, or have been dedicated to public use and accepted by such Governmental Authority and all necessary steps have been taken by Borrower or such Governmental Authority to assure the complete construction and installation thereof by a date sufficient to ensure the Completion of Construction of the Improvements in accordance with the Project Schedule.

5.16 Indenture. The Indenture has been submitted to Borrower for its examination, and Borrower acknowledges, by execution of this Agreement, that it has reviewed the Indenture and that it accepts each of its obligations expressed or implied thereunder.

5.17 Regulatory Agreement. The Project is in compliance with all requirements of the Regulatory Agreement, including all applicable requirements of the Law, the Act and the Code (as such terms are defined in the Regulatory Agreement).

5.18 No Reliance on Issuer, Trustee or Bondowner Representative. Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or Issuer, Trustee or

Bondowner Representative is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project and its interests therein; and that it has not relied on Issuer, Trustee or Bondowner Representative for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement or otherwise relied on Issuer, Trustee or Bondowner Representative in any manner.

5.19 Interest in the Project. Borrower intends to hold the Project for its own account and has no current plans to sell and has not entered into any agreement to sell.

5.20 Location. The Project is currently located wholly within the City of Los Angeles, California.

5.21 Existing Property. No proceeds of the Loan shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition.

5.22 No Condemnation. There is not now pending, and Borrower has not received notice of, any actual or proposed condemnation or taking for public or private use affecting all or any portion of the Project or any interest in it.

5.23 Borrower's Uniform Commercial Code Location. Borrower is a limited partnership organized under the laws of the State of California, and will not change its form and place of organization without first notifying Bondowner Representative in writing.

5.24 References to Project. All references in this Agreement to the Project shall be deemed to mean each site comprising a portion of the Project individually and all such sites collectively.

6. Project Covenants

6.1 Completion of Project and Construction of Improvements. Borrower shall promptly commence within thirty (30) days from the issuance of the Bonds and diligently proceed with the construction and/or rehabilitation of the Project. In any event, Borrower shall complete the construction and rehabilitation of the Improvements on or before _____. The construction and rehabilitation of the Improvements shall be considered complete for purposes of this Agreement only when (a) the rehabilitation and/or construction of the Improvements has been completed in accordance with the Plans and has been fully paid for, (b) all work requiring inspection or certification by any Governmental Agency has been completed and all requisite certificates, approvals and other necessary authorizations (including any required certificates of occupancy and required notices of completion) have been obtained, and (c) streets and offsite utilities located within or pertaining to the Project have been completed to the satisfaction of all applicable authorities. The time within which the construction of the Improvements must be completed shall be extended for a period equal to the period of any delay directly affecting the construction work which is caused by governmental orders, decrees or regulations, acts of God, strikes or any other cause beyond Borrower's reasonable control, provided Borrower furnishes Bondowner Representative with written notice of any such delay within ten (10) Banking Days from the occurrence of any such delay. In no

event, however, shall the time for completion of such Improvements be extended beyond the date occurring ninety (90) days after the completion date set forth above for such Improvements.

6.2 Offsite Improvements. Borrower shall promptly commence and diligently complete all offsite improvements of the public streets, walks, sewers, utilities and like areas and facilities adjoining the Property, and provide utilities and other facilities, in accordance with the requirements of all Governmental Agencies.

6.3 Conformity with Plans. Borrower shall construct the Improvements in conformity with the Plans and in such a manner as not to encroach upon or overhang any easement, right of way or land of others. If any aspect of the Project is not in substantial conformity with the Plans or encroaches upon easements, rights of way or land of others, Bondowner Representative shall have the right to stop the work and order repair or reconstruction in accordance with the Plans and to withhold further Disbursements until the Project is in substantial compliance with the Plans and/or does not so encroach. Upon written notice from Bondowner Representative (or Borrower's discovery irrespective of such notice) that any aspect of the Project is not in substantial conformity with the Plans or encroaches upon easements, rights of way or land of others, Borrower shall promptly commence correcting the deviation or encroachment and shall prosecute such work diligently to completion, which in no event shall be later than 45 days after such notice or discovery.

6.4 Change Orders. The Plans shall not be modified except pursuant to Change Orders. Each Change Order:

(a) shall be in writing, numbered in sequence, signed by Borrower and, with regard to "Material Change Orders" (as defined below), submitted to Bondowner Representative prior to the proposed effectiveness thereof and accompanied by working drawings and a written narrative of the proposed change;

(b) shall contain an estimate by Borrower of all increases and decreases in itemized Project Costs that would be caused by the change, as well as the aggregate amount of all changes in estimated Project Costs (both increases and decreases) previously made;

(c) shall contain a certification by Borrower stating the aggregate amount, including both increases and decreases, of all changes in Project Costs reflected in Change Orders for which Bondowner Representative's written approval has not been obtained or has not been required hereunder;

(d) shall be certified by Borrower to be in compliance with all applicable Laws and other requirements; and

(e) shall be subject to Bondowner Representative's prior written approval if the Change Order (i) would decrease the number of Units within the Project; (ii) would affect any structural component of the Project, or (iii) involves changes, including both increases and decreases, in estimated Project Costs of \$5,000 or more for each change or series of related changes, or if such Change Order, together with Change Orders not approved by

Bondowner Representative in writing, involve an aggregate amount, including both increases and decreases, of over \$15,000 (each change requiring Bondowner Representative's approval under this subparagraph (e) being referred to herein as a "Material Change Order").

6.5 Entry and Inspection. At all times prior to completion of the construction of the Improvements, upon reasonable notice to Borrower (which notice may be written or oral), Issuer, Bondowner Representative and their respective agents shall have (a) the right of free access to the Property and all sites away from the Property where materials for the Project are stored, (b) the right to inspect all labor performed and materials furnished for the Project and (c) during Borrower's normal business hours the right to inspect and copy all documents pertaining to the Project.

6.6 Project Information. From time to time during the course of the Project, within 10 days following Bondowner Representative's written demand therefor, Borrower shall furnish Bondowner Representative with reports of Project Costs, progress schedules and contractors' cost breakdowns for the Project, itemized as to trade description and item, showing the name of the contractor(s) and/or subcontractor(s), and including such indirect costs as real estate taxes, legal and accounting fees, insurance, architects' and engineers' fees, loan fees, interest during construction and contractor's overhead.

6.7 Permits and Warranties. Promptly upon receipt of the same by Borrower, Borrower shall furnish Bondowner Representative with true and complete copies of (a) all licenses, permits, approvals, exemptions and other authorizations required in connection with the Project and (b) all warranties and guaranties received from any Person furnishing labor, materials, equipment, fixtures or furnishings in connection with the Project.

6.8 Project Agreements. Borrower shall employ Contractor as general contractor for the Project pursuant to a guaranteed fixed price contract approved in writing by Bondowner Representative. Borrower shall not terminate, or modify in any material respect, any such contract without Bondowner Representative's reasonable prior written consent. Borrower shall not enter into any other agreement with any Person with respect to the development of the Project with a total contract price in excess of \$50,000 without the prior written consent of Bondowner Representative. From time to time during the course of the Project, within ten (10) days after Bondowner Representative's written demand therefor, Borrower shall deliver to Bondowner Representative lists of all contractors and subcontractors employed in connection with the Project. Each such list shall show the name, address and telephone number of each contractor and subcontractor, a general statement of the nature of the work to be done, the labor and materials to be supplied, the names of materialmen, if known, the approximate dollar value of labor, work and materials itemized with respect to each contractor, subcontractor and materialman, and the unpaid portion and status of such work or whether such materials have been delivered. Bondowner Representative and its agents shall have the right (but not the obligation) to directly contact each contractor, subcontractor and materialman to verify the facts disclosed by any such list. Bondowner Representative may require that any contractor (including Contractor), subcontractor or materialman, furnish a performance and/or labor and materials payment bond in an amount, in form and content and issued by a bonding company satisfactory to Bondowner Representative.

6.9 Protection Against Liens. Borrower shall diligently file a valid notice of completion upon completion of the Project, diligently file a notice of cessation in the event of a cessation of labor on the Project for a period of thirty (30) days or more, and take all actions reasonably required to prevent the assertion of claims of lien against the Property. In the event that any claim of lien is asserted against the Property or any stop notice or claim is asserted against Issuer, Trustee or Bondowner Representative by any Person furnishing labor or materials to the Project, Borrower shall immediately give notice of the same to Bondowner Representative and shall, promptly and in any event within ten (10) Banking Days after Bondowner Representative's written demand, (a) pay and discharge the same, or (b) effect the release thereof by delivering to Bondowner Representative a surety bond complying with the requirement of applicable Laws for such release. Notwithstanding the foregoing, Lender shall have the right, but not the obligation, to accept a cash deposit or other security in lieu of the surety bond described in clause (b), above (the amount and nature of such cash deposit or other security to be determined by Lender in the exercise of its sole and absolute discretion).

6.10 Bondowner Representative Engineer. Borrower hereby agrees to pay or reimburse Bondowner Representative for all costs and expenses charged by the Bondowner Representative Engineer in connection with review and approval of all plans, specifications, contracts, budgets and related matters, inspection of the Project, and approval of Requisitions.

7. Maintenance, Operation, Preservation and Repair of Property. Borrower shall maintain the Property (and all abutting grounds, sidewalks, roads, parking and landscape areas) in good condition and repair, shall operate the Property in a businesslike manner, shall prudently preserve and protect both its own and Issuer's and Bondowner Representative's interests in connection with the Property, shall not commit or permit any waste or deterioration of the Property, shall not abandon any portion of the Property, and shall not otherwise act, or fail to act, in such a way as to unreasonably increase the risk of any damage to the Property or of any other impairment of Issuer's or Bondowner Representative's interests under the Loan Documents. Without limiting the generality of the foregoing, and except as otherwise agreed by Bondowner Representative in writing from time to time, Borrower shall promptly and faithfully perform and observe each of the following provisions:

7.1 Alterations and Repairs. Borrower shall not remove, demolish or alter any Improvement except in connection with the construction of the Project in accordance with the terms and conditions of this Agreement and except to make non-structural repairs which preserve or increase the Property's value, and shall promptly restore, in a good and workmanlike manner, any Improvement (or other aspect or portion of the Property) that is damaged or destroyed from any cause.

7.2 Compliance. Borrower shall comply with all Laws and requirements of Governmental Agencies (including, without limitation, requirements relating to the obtaining of licenses and permits), and all rights of third parties, relating to Borrower, the Property or Borrower's business thereon.

7.3 Changes in Property Restrictions. Borrower shall not initiate, join in or consent to any change in any applicable zoning ordinance, general plan or similar law, or to any

private restrictive covenant or any similar public or private restriction on the use of the Property.

7.4 Taxes and Impositions. Borrower shall pay, prior to delinquency, all of the following (collectively, the "Impositions"): (a) all general and special real property taxes and assessments imposed on the Property; (b) all other taxes and assessments and charges of every kind that are assessed upon the Property (or upon the owner and/or operator of the Property) and that create or may create a lien upon the Property (or upon any personal property or fixtures used in connection with the Property), including without limitation non-governmental levies and assessments pursuant to applicable covenants, conditions or restrictions; and (c) all license fees, taxes and assessments imposed on Bondowner Representative (other than Bondowner Representative's income or franchise taxes) which are measured by or based upon (in whole or in part) the amount of the obligations secured by the Property. If permitted by law, Borrower may pay any Imposition in installments (together with any accrued interest). This Section 7.4 shall not in any way restrict Borrower's right to claim a "welfare exemption" under the California Revenue and Taxation Code §214(g).

7.4.1 Right to Contest. Borrower shall not be required to pay any Imposition so long as (a) its validity is being actively contested in good faith and by appropriate proceedings and (b) Borrower has demonstrated to Bondowner Representative's reasonable satisfaction that leaving such Imposition unpaid pending the outcome of such proceedings could not result in conveyance of the Property in satisfaction of such Imposition or otherwise impair Issuer's or Bondowner Representative's interests under the Loan Documents; provided that Bondowner Representative may require Borrower to furnish Bondowner Representative with a bond or other security satisfactory to Bondowner Representative in an amount not less than 150% of the applicable claim.

7.4.2 Evidence of Payment; Tax Reporting Service. Upon written demand by Bondowner Representative from time to time, Borrower shall (a) deliver to Bondowner Representative, within 30 days following the due date of any Imposition, evidence of payment reasonably satisfactory to Bondowner Representative and (b) furnish to Bondowner Representative a tax reporting service for the Property of a type and duration, and with a company, reasonably satisfactory to Bondowner Representative.

7.5 Books and Records. Borrower shall maintain complete books of account and other records reflecting the operations of the Property in accordance with generally accepted accounting principles applied on a consistent basis or in accordance with such other principles or methods as are reasonably acceptable to Bondowner Representative.

8. Other Affirmative Covenants. While any obligation of Borrower or Guarantor under the Loan Documents remains outstanding, the following provisions shall apply, except to the extent that Bondowner Representative otherwise consents in writing:

8.1 Existence. Borrower shall maintain its existence as a limited partnership in good standing under the Laws of the State of California.

8.2 Protection of Liens. Borrower shall maintain the lien of the Deed of Trust as a valid first priority lien on the Property, subject only to the Permitted Encumbrances, and take all actions, and execute and deliver to Issuer all documents, reasonably required by Bondowner Representative from time to time in connection therewith; and maintain the lien of the Security Documents on the collateral described therein and take all actions, and execute and deliver to Bondowner Representative all documents, reasonably required by Bondowner Representative from time to time in connection therewith, including supplemental security agreements, financing statements and other documents extending or perfecting Issuer's security interest in such collateral as it exists from time to time.

8.3 Title Insurance Endorsements. Borrower shall deliver to Bondowner Representative, at Borrower's sole expense and in form and content reasonably satisfactory to Bondowner Representative, all endorsements and binders to the Title Policy reasonably required by Bondowner Representative from time to time.

8.4 Tax Returns. Borrower shall deliver to Bondowner Representative, within thirty (30) days of filing the same with the Internal Revenue Service, a copy of the federal income tax return filed for Borrower for the prior calendar year, in each case prepared by a certified public accountant reasonably acceptable to Bondowner Representative. Borrower shall also deliver to Bondowner Representative, concurrently with Borrower's delivery of the tax returns described above, the tax returns for Guarantor filed with the Internal Revenue Service for the prior calendar year, in each case prepared by a certified public accountant acceptable to Bondowner Representative.

8.5 Lists of Personal Property. Borrower shall deliver to Bondowner Representative from time to time, within ten (10) days of Bondowner Representative's request therefor, a list of all Personal Property then in existence.

8.6 Notice of Certain Matters. Borrower shall give notice to Bondowner Representative, within ten (10) days after Borrower obtains actual knowledge thereof, of each of the following:

(a) any litigation or claim affecting or relating to the Property; and any litigation or claim that might subject Borrower or any Partner or Guarantor to liability in excess of \$25,000, whether covered by insurance or not;

(b) any dispute between Borrower and any Governmental Agency relating to the Property, the adverse determination of which might materially affect the Property;

(c) any trade name hereafter used by Borrower and any change in Borrower's principal place of business;

(d) any circumstance that renders the Approved Budget materially inaccurate with respect to any estimated Project Cost;

(e) any aspect of the Project that is not in substantial conformity with the Plans;

(f) any Event of Default or event which, with the giving of notice or the passage of time or both, would constitute an Event of Default;

(g) any default by Borrower or any other party under any Project Agreement, or the receipt by Borrower of any notice of default under any Project Agreement;

(h) the creation or imposition of any mechanics' lien or other lien against the Property;

(i) any default by Borrower under any Bond Document, or the receipt by Borrower of any notice of default under any Bond Document;

(j) any default by Borrower under any Subordinate Loan Document, or the receipt by Borrower of any notice of default under any Subordinate Loan Document;

(k) the presence of any Hazardous Materials on, under or about the Property; any enforcement, clean-up, removal or other action or requirement of any Governmental Agency relating to any such Hazardous Materials; and the existence of any occurrence or condition on any property in the vicinity of the Property that could cause any portion of the Property to be classified as "border-zone property" under the provisions of the California Health and Safety Code or any related regulations, or that could cause the Property to be otherwise subject to any restrictions relating to Hazardous Materials; and

(l) any material adverse change in the financial condition of Borrower, General Partner or Guarantor.

8.7 Additional Reports and Information. Borrower shall deliver to Bondowner Representative, in form and substance reasonably satisfactory to Bondowner Representative and within ten (10) days of Bondowner Representative's written request therefor from time to time, (a) copies of all financial statements and reports that Borrower sends to its partners (b) copies of all reports which are available for public inspection or which Borrower is required to file with any Governmental Agency, and (c) all other information relating to Borrower, the Property, Guarantor or the Loan reasonably required by Bondowner Representative from time to time.

8.8 Further Assurances. Borrower shall execute and acknowledge (or cause to be executed and acknowledged) and deliver to Issuer and Bondowner Representative all documents, and take all actions, reasonably required by Issuer and Bondowner Representative from time to time to confirm the rights created or now or hereafter intended to be created under the Loan Documents, to protect and further the validity, priority and enforceability of the Security Documents, to subject to the Security Documents any property intended by the terms of any Loan Document to be covered by the Security Documents, or otherwise to carry out the purposes of the Loan Documents and the transactions contemplated thereunder, provided, however, that such actions shall not alter any express limitations on liability set forth in the Loan Documents or change the essential economic terms of the Loan.

8.9 Annual Financial Statements. Borrower shall deliver to Bondowner Representative, within one hundred twenty (120) days after the end of each Fiscal Year, (a) an audited balance sheet for Borrower as of the end of such Fiscal Year and an audited statement of profit and loss for Borrower and for Borrower's operations in connection with the Property for such Fiscal Year, together with all supporting schedules and (b) certificates of Borrower's General Partner and a certified public accountant acceptable to Bondowner Representative stating that such documents (i) were prepared in accordance with generally accepted accounting principles applied on a consistent basis or in accordance with such other principles or methods as are reasonably acceptable to Bondowner Representative, (ii) fairly present Borrower's financial condition, (iii) show all material liabilities, direct and contingent, and (iv) fairly present the results of Borrower's operations. Borrower shall also deliver to Bondowner Representative, concurrently with Borrower's delivery of the annual financial statement described above, (x) an audited balance sheet and cash flow statement for Guarantor, together with all supporting schedules and (y) certificates of a certified public accountant acceptable to Bondowner Representative stating that such documents (i) were prepared in accordance with generally accepted accounting principles applied on a consistent basis or in accordance with such other principles or methods as are reasonably acceptable to Bondowner Representative, (ii) fairly present Guarantor's financial condition, (iii) show all material liabilities, direct and contingent, and (iv) fairly present the results of Guarantor's operations.

8.10 Quarterly Financial Statements. From and after the Conversion Date, Borrower shall deliver to Bondowner Representative and, if requested in writing by the Issuer, to the Issuer as soon as available and in any event within thirty (30) days after the end of each calendar quarter (a) a balance sheet for Borrower as of the end of the most recently ended calendar quarter and a statement of profit and loss for Borrower's operations for such calendar quarter, setting forth in comparative form figures for the same calendar quarter in the prior Fiscal Year, together with all supporting schedules prepared by Borrower or reasonably requested by Bondowner Representative, and (b) a written statement of Borrower's General Partner representing that such documents (i) were prepared in accordance with generally accepted accounting principles applied on a consistent basis or in accordance with such other principles or methods as are reasonably acceptable to Bondowner Representative, (ii) fairly present Borrower's financial condition, (iii) show all material liabilities, direct and contingent, and (iv) fairly present the results of Borrower's operations. Borrower shall also deliver to Bondowner Representative, concurrently with Borrower's delivery of the quarterly statements described above, a quarterly operating statement for the Property and a quarterly rent roll for the Property, each in form and substance satisfactory to Bondowner Representative.

8.11 Monthly Operating Statements. From and after substantial completion of the Project, and continuing through and including the Conversion Date, Borrower shall prepare and deliver to Bondowner Representative, within fifteen (15) days after the end of each calendar month, a cash flow statement for the Property for the calendar month then ended, certified by Borrower's General Partner as being true and correct in all material respects. Borrower shall also deliver to Bondowner Representative, concurrently with Borrower's delivery of the cash flow statement described above, a monthly operating statement and a monthly rent roll for the Property, each in form and substance satisfactory to Bondowner Representative.

8.12 Tax Returns. Borrower shall also deliver to Bondowner Representative, within thirty (30) days after the same are filed, a copy of the signed federal income tax return for Borrower and, until the Conversion Date, for Guarantor.

8.13 Bond Documents. Borrower shall timely perform its obligations under the Bond Documents and shall not cause or permit the occurrence of any default under such documents to which it is a party.

8.14 Keeping Guarantor Informed. Borrower must keep Guarantor informed of Borrower's financial condition and business operations, the condition and all uses of the Property, including all changes in condition or use, and any and all other circumstances that might affect Borrower's ability to pay or perform its obligations under the Loan Documents and the Bond Documents. In addition, Borrower must deliver to Guarantor all of the financial information described in Article 8 of this Agreement within the times given in that article.

8.15 Equity Contribution Deposits. Borrower shall take all actions necessary to cause Investor Limited Partner to timely make the Equity Contribution Deposits described on Exhibit "G". All Equity Contribution Deposits described on Exhibit G shown as being required to be made on or before the Conversion Date shall be deposited by Borrower into the Borrower's Funds Account.

8.16 Tax Certificate. Borrower shall timely comply with all of its obligations under the Tax Certificate (which Tax Certificate is hereby incorporated herein as fully as if set forth at length herein).

8.17 Debt Coverage Ratio. From and after the Conversion Date, the Borrower shall maintain on an annual basis a Debt Service Coverage Ratio of 1.15 (or more) to 1.00 based on the operating data and Project performance for the immediately preceding calendar year (or a portion thereof on an annualized basis for the year in which the Conversion Date occurs); provided that, in the event the Debt Service Coverage Ratio falls below 1.15 to 1.00 for any calendar year the same shall not, in and of itself, constitute an Event of Default hereunder so long as the remainder of the requirements of this section are timely satisfied. In the event the Debt Service Coverage Ratio for any annual period is less than 1.15 to 1.00, Borrower agrees to prepare and submit to Bondowner Representative within forty five (45) days after written notice that the Debt Service Coverage Ratio test has not been met a statement explaining in sufficient detail why the Debt Service Coverage Ratio was less than 1.15 to 1.00 for the immediately preceding calendar year and what steps will be taken and diligently pursued by Borrower to ensure that the required Debt Service Coverage Ratio will be met for the then current calendar year. In the event the Debt Service Coverage Ratio is less than 1.15 to 1.00 for any annual period, Borrower agrees that, within five (5) days of notice of any shortfall, Borrower shall deposit from sources other than revenues from the Project an amount in immediately available funds equal to the amount required, on an annualized basis to achieve the required minimum 1.15 Debt Service Coverage Ratio by including the amount of the deposit in the numerator, which amounts are hereby pledged to and shall be held by Lender in a blocked account for use in Lender's sole and absolute discretion, including without limitation, to pay debt service and operating expenses to the extent revenues from the Project are insufficient to pay the same. Once the Debt Service Coverage Ratio for any subsequent annual period is restored to at least

1.15 to 1.00 without taking the amount of the deposit into account, then any amounts held by Lender in the pledged account may be released to or on the written order of Borrower; provided that no such release shall in the reasonable judgment of Lender adversely affect Borrower's ability to achieve and maintain the required minimum 1.15 Debt Service Coverage Ratio in the future. Any failure to timely provide a written corrective action plan or make a required deposit or the making of a prohibited distribution (as described in Section 8.18) shall constitute an immediate Event of Default hereunder. Notwithstanding anything herein to the contrary, failure to maintain a Debt Service Coverage Ratio of at least 1.00 to 1.00 for any two (2) consecutive year period shall result in an immediate Event of Default hereunder notwithstanding any corrective action plans or the making of any deposits hereunder.

8.18 Limitation on Distributions. No Distribution of Net Operating Income shall be made to Borrower, Guarantor, or any Partner or Affiliate of Borrower or Guarantor for any purpose on or prior to the Conversion Date, other than developer fee payments made in strict accordance with the Approved Budget and Section 3.8 hereof. After the Conversion Date, no distributions of net operating income shall be made to Guarantor, or any Partner or Affiliate of Borrower or Guarantor during any period when the Debt Service Coverage Ratio for the Project is less than 1.00 to 1.00. In the event the Debt Service Coverage Ratio is at least 1.00 to 1.00 for any calendar year period, distributions of net operating income from the Project (after payment of debt service and provided that all required Reserves are fully funded) shall be permitted, but only to the extent that, on a pro forma basis, the Debt Service Coverage Ratio for the calendar year period would have not been less than 1.00 to 1.00 had the amount of the then proposed distribution been treated as a reduction in the amount of operating income generated by the Project for purposes of determining net operating income for the same period.

8.19 Guarantor Net Worth and Liquidity. Borrower shall cause Guarantor to maintain: (a) Liquidity of not less than \$ _____, and (b) Net Worth of not less than \$ _____.

8.20 Guarantor Compliance Certificate. Borrower shall cause Guarantor to deliver to Lender an annual Guarantor Compliance Certificate (with bank statements if funds are not held with Lender, and any other documentation satisfactory to Lender to support Net Worth and Liquidity requirements) within 120 days after the end of each fiscal year of Guarantor during the term of the Loan.

9. Other Negative Covenants. While any obligation of Borrower or Guarantor under the Loan Documents remains outstanding, the following provisions shall apply, except to the extent that Bondowner Representative otherwise consents in writing:

9.1 Liens on Property. Except as otherwise provided in this Agreement, Borrower shall not cause or suffer to become effective any lien, restriction or other title limitation affecting any part of the Property other than (i) the Regulatory Agreement, the Deed of Trust and the Permitted Encumbrances and (ii) taxes not delinquent. Borrower acknowledges that, with any project of the magnitude contemplated by this Agreement, modifications of the Plans and Loan Documents may be necessary from time to time and that the existence of junior lienholders (other than the holders of Permitted Encumbrances), who would be required to

consent to such modifications in order to protect the priority of the Deed of Trust, could therefore impair the expeditious completion of the Project, to the detriment of all parties.

9.2 Liens on Personal Property. Borrower shall not install in, or use in connection with, the Property any personal property which any Person other than Issuer, Trustee or Bondowner Representative has the right to remove or repossess under any circumstances, or on which any Person other than Issuer, Trustee or Bondowner Representative has a lien (other than Permitted Liens).

9.3 Sale or Lease of Property. Except for a Permitted Transfer under the Deed of Trust, Borrower shall not sell, lease or otherwise transfer any interest in the Property or the Personal Property (other than the lease of residential units within the Property for a term of one-year or less and otherwise in compliance with the Regulatory Agreement and dispositions of Personal Property expressly permitted by the Loan Documents) without the prior written consent of Bondowner Representative, which consent may be withheld in Bondowner Representative's absolute discretion. In connection with the foregoing consent requirements, Borrower acknowledges that Bondowner Representative relied upon Borrower's particular expertise in entering into this Agreement and continues to rely on such expertise to ensure the satisfactory completion of the Project and operation of the Property.

9.3.1 Except for a Permitted Transfer under the Deed of Trust, transfers requiring Bondowner Representative's prior written consent shall include, without limitation, the following:

- (a) involuntary transfers and transfers by operation of law;
- (b) liens and assignments as security for obligations, whether voluntary or involuntary; and
- (c) except as otherwise expressly permitted by the terms of the Deed of Trust, the issuance, sale, assignment, disposition, encumbering or other transfer of any direct or indirect ownership interest in Borrower, any Partner or any general partner, member or shareholder of any Partner, whether voluntary or involuntary, by operation of law or otherwise.

9.3.2 No sale, lease or other transfer shall relieve Borrower from primary liability for its obligations under the Loan Documents or relieve Guarantor from any liability under any Guaranty, and Borrower shall deliver to Bondowner Representative all documents reasonably required by Issuer, Trustee and/or Bondowner Representative to evidence its continuing liability.

9.4 Removal of Personal Property. Borrower shall not cause or permit the removal from the Property of any items of Personal Property (other than tools and equipment used in the development of the Project) unless (i) no Event of Default remains uncured and (ii) Borrower promptly substitutes and installs on the Property other items of equal or greater value in the operation of the Property, all of which items shall be free of liens (other than Permitted Liens) and shall be subject to the lien of the Deed of Trust, and executes and delivers to Bondowner Representative all documents required by Bondowner Representative in connection with the attachment of such liens to such items. Borrower shall keep detailed

records of each such removal and shall make such records available to Bondowner Representative upon written request from time to time.

9.5 Management Agreements. Without the prior written consent of Bondowner Representative, Borrower shall not enter into any agreement providing for the management, leasing or operation of any portion of the Property except for the management agreement previously delivered to Bondowner Representative between Borrower and _____ (the "Management Agreement").

9.6 Assessment and Community Facilities Districts. Borrower shall not, without Bondowner Representative's prior written consent, which shall not be unreasonably withheld, cause or suffer to become effective or otherwise consent to the formation of any community facilities district which includes the Property or any part of the Property pursuant to the Mello-Roos Community Facilities Act of 1982, any assessment district which includes the Property or any part of the Property pursuant to the Municipal Improvement Act of 1913, or any other comparable or similar district, area or territory which includes the Property or any part of the Property pursuant to any Law, or cause or otherwise consent to the levying of special taxes by any community facilities district against the Property or any part thereof, the levying of assessments by any such assessment district against the Property or any part thereof, or the levying of assessments, taxes and/or other impositions by any such district, area or territory.

9.7 Ground Lease, AHAP, Bond Documents and Subordinate Loan Documents. Borrower shall not enter into any new Bond Document or Subordinate Loan Document, or amend, modify, supplement, cancel or terminate the Ground Lease, the AHAP, any Bond Document or Subordinate Loan Document, without the prior written consent of Bondowner Representative.

10. Tax and Other Covenants. While any obligation of Borrower or Guarantor under the Loan Documents remains outstanding, the following provisions shall apply, except to the extent Issuer otherwise consents in writing:

10.1 Payment of Issuer Fees and Expenses

(a) The Borrower hereby agrees to pay to the Trustee, semiannually, in addition to all payments due under the Notes, the amounts ("Issuer Fees") described in ///Section 7(n) of the Regulatory Agreement///.

(b) The Borrower agrees to pay to the Issuer, within thirty (30) days after receipt of request for payment thereof, all reasonable out-of-pocket expenses of the Issuer related to the Project and the financing thereof that are not otherwise required to be paid by the Borrower under the terms of this Loan Agreement and are not paid from disbursements of the Loan, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Bonds as described in Section 7(o) of the Regulatory Agreement or otherwise hereunder or under any Bond Document.

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

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

Neither Issuer nor Bondowner Representative shall incur any liability in the event of any breach or violation of the Regulatory Agreement by the Borrower, and the Borrower agrees, subject to Sections 13.20 and 13.21, below, to indemnify the Issuer and Bondowner Representative from any claim or liability for such breach pursuant to Section 13.2 hereof.

10.3 Tax Exempt Status of the Bonds.

- (a) Issuer and Borrower intend that interest on Bonds shall be and remain excludable from gross income for federal income taxation purposes, and to that end the covenants and agreements of the Borrower in this Section 10.3 are for the benefit of the Bondowner Representative, the Holders and the Issuer.
- (b) Borrower covenants and agrees that it will not knowingly and willingly use or permit the use of any of the funds provided by the Issuer, Trustee or the Bondowner Representative hereunder or any other funds of the Borrower, directly or indirectly, in such manner as would, or enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Bonds that would, or take or omit to take any other action that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and applicable regulations promulgated from time to time thereunder.
- (c) In the event that at any time Borrower is of the opinion or becomes otherwise aware that for purposes of this Section 10.3 it is necessary to restrict or to limit the yield on the investment of any moneys held under the Indenture or otherwise by the Trustee and Bondowner Representative, Borrower shall determine the limitations and so instruct the Trustee and Bondowner Representative in writing and cause the Trustee and Bondowner Representative to comply with those limitations under the Indenture.
- (d) Borrower will take such action or actions as may be reasonably necessary in the opinion of counsel to the Authority, or of which it otherwise becomes aware, to fully comply with Section 148 of the Code.
- (e) Borrower further agrees that it shall not discriminate on the basis of race, creed, color, sex, sexual preference, source of income (e.g. AFDC, SSI), physical

disability, national origin or marital status in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project, to the extent required by applicable State or federal law.

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

(g) Borrower shall not purchase, and shall use its best efforts to prevent any related person or guarantor of Borrower from purchasing, pursuant to an arrangement, formal or informal, any Bonds.

(h) Borrower will calculate or cause to be calculated, at the times required by the Code, any rebate due to the federal government in respect of the Bonds, and will make timely payment of any rebate amount due to the federal government.

10.4 Useful Life. Borrower hereby represents and warrants to Issuer and Bondowner Representative, that, within the meaning of Section 147(b) of the Code, the average maturity of the Bonds does not exceed 120 percent of the average reasonably expected remaining economic life of the facilities being financed with the proceeds of the Bonds.

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

10.6 Prohibited Facilities. Borrower represents and warrants 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, and no portion of the proceeds of the Bonds shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimus amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

10.7 Election of Applicable Income Limit. Issuer, as issuer of the Bonds hereby elects to have the Project meet the requirements of Section 142(d)(1)(B) of the Code in that twenty percent (20%) or more of the residential units in the Project shall be occupied by persons or families whose Adjusted Income is fifty percent (50%) or less of Median Income for the Area, adjusted for household size. Borrower shall cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Law, the Act and the Code. All leases will comply with all applicable laws and the Regulatory Agreement. The Project, when

constructed, will meet the requirements of this Agreement and the Regulatory Agreement and any applicable requirements of the Law, the Act and the Code.

10.8 Use of Loan Proceeds. All of the proceeds of the Loan shall be used to finance and construct the Project, provided that (a) at least 95% of the proceeds of the Loan shall be used to finance Qualified Project Costs (as defined in the Regulatory Agreement) and (b) less than 25% of the proceeds of the Loan shall be used, directly or indirectly, for the acquisition of land or any interest therein. No proceeds of the Loan will be used to pay or reimburse any cost (i) incurred more than sixty days prior to December 28, 2010 ("Inducement Date"), (ii) incurred more than 18 months prior to the later of the date of such payment or reimbursement or the date the Project is placed in service or (iii) incurred more than three years prior to such payment or reimbursement. The construction and equipping of the Project by the Borrower commenced no earlier than 60 days prior to the Inducement Date, and as of the date 60 days prior to the Inducement Date, (A) neither the Borrower nor any related person had made any expenditure in connection with the construction or equipping of the Project, (B) no on-site work had been commenced by the Borrower or any related person in connection with the construction of the Project, and (C) no off-site fabrication of any portion of the Project had been commenced by the Borrower or any related person. The Project consists, and shall at all times consist, of property which is land or is subject to the allowance for depreciation provided in Section 167 of the Code.

The Borrower has incurred, or shall incur within six months following the date of issuance of the Bonds, a substantial binding obligation in the form of a purchase agreement or construction contract or both to acquire, construct or equip the Project pursuant to which the Borrower is or will be obligated to expend not less than 5% of the principal amount of the Bonds.

10.9 Changes to the Project. Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Law or the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Bonds. Borrower intends to utilize the Project as required by the Regulatory Agreement.

10.10 Cost of Issuance. Not in excess of 2% of the proceeds of the Loan will be used to pay Costs of Issuance (as defined in the Indenture).

10.11 Other Tax Covenants.

10.11.1 General. Issuer and Borrower have entered into this Agreement with the intention that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes. Accordingly, for the benefit of Issuer and the Bondowner Representative, Borrower covenants that it will not (i) take any action, (ii) fail to take any action or (iii) make any use of the Project or the proceeds of the Loan, which would cause the interest on the Bonds to be or become includable in the gross income of the owner thereof for federal income tax purposes.

10.11.2 Closing Certificates. Borrower recognizes that certain of the facts, estimates and circumstances required to be set forth in the arbitrage certificate and other

instruments of Issuer to be delivered in connection with the issuance of the Bond, including Form 8038, will be based upon the representations of Borrower in the Tax Certificate and elsewhere. Borrower covenants that any facts, estimates and circumstances set forth or described in any certificate delivered by Borrower on the date of issuance of the Bonds will be based on Borrower's reasonable expectations on the date of issuance of the Bonds and will be, to the best of the knowledge of the representative of Borrower furnishing such facts, estimates and circumstances, true, correct and complete as of that date, and Borrower hereby agrees to make or cause to be made reasonable inquiries to insure such truth, correctness and completeness.

10.11.3 Investments. Borrower covenants and agrees that it will not use or permit the use of any of the funds provided by Issuer hereunder or any other funds of Borrower, directly or indirectly, or direct Bondowner Representative to invest any funds held by it hereunder (including investment of Borrower's Sources and amounts in Borrower's Funds Account), in such manner as would, or take or omit to take any other action that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and applicable regulations promulgated from time to time thereunder. Borrower understands that this limitation may apply to funds held as collateral provided to Bondowner Representative, Trustee or the Bondowner Representative as security for the repayment of the Bond Loan.

In the event that at any time Borrower is of the opinion or becomes otherwise aware that for purposes of this Section 10.11.3 it is necessary to restrict or to limit the yield on the investment of any moneys held by Bondowner Representative in the Borrower's Funds Account or any other account described in this Agreement, Borrower shall determine the limitations and so instruct Bondowner Representative in writing (with a copy to Issuer) and cause Bondowner Representative to comply with those limitations.

Borrower will take such action or actions as may be reasonably necessary in the opinion of Bond Counsel (as defined in the Regulatory Agreement), or of which it otherwise becomes aware, to comply fully with Section 148 of the Code, including, but not limited to, Section 148(d)(3) of the Code regarding investment of gross proceeds of the Bonds in investments with a yield in excess of the yield on the Bonds.

Borrower shall also comply with the requirements of the Tax Certificate.

11. Insurance, Casualty and Condemnation

11.1 Policies Required. While any obligation of Borrower or any Guarantor under any Loan Document remains outstanding, Borrower shall maintain at Borrower's sole expense, with insurers reasonably approved by Lender, the policies of insurance, in form and substance reasonably satisfactory to Lender, identified in Exhibit I attached hereto and all other insurance reasonably required by Lender from time to time for commercial loans made for residential rental properties. All insurance shall meet all of the requirements set forth in Exhibit I and in the Regulatory Agreement and shall provide that it may not be cancelled or materially modified without thirty (30) days' prior written notice to Lender. No insurance shall include deductible amounts to which Lender has not previously consented in writing. Certificates of insurance for the required policies (and/or original policies, if required by

Lender) shall be delivered to Lender annually and otherwise from time to time within ten (10) days after demand therefore. All policies insuring against damage to the Improvements shall contain an agreed value clause sufficient to eliminate any risk of co-insurance. No less than thirty (30) days prior to the expiration of each policy, Borrower shall deliver to Lender evidence of renewal or replacement of the policy reasonably satisfactory to Lender.

11.2 Claims and Proceedings. Borrower shall give Issuer and Bondowner Representative immediate notice of any casualty to any portion of the Property and of the institution or, if Borrower obtains actual knowledge of any threatened institution, such threatened institution, of any proceeding for the condemnation or other taking for public or quasi-public use of any portion of the Property (collectively, "Condemnation"), and shall provide Issuer and Bondowner Representative with copies of all documents in Borrower's possession which pertain to any such casualty or Condemnation. Borrower shall take all action reasonably required by Bondowner Representative in connection therewith to protect the interests of Borrower, Issuer and Bondowner Representative, and Issuer and Bondowner Representative shall be entitled (without regard to the adequacy of its security) to participate in any action, claim, adjustment or proceeding and to be represented therein by counsel of its choice.

11.3 Delivery of Proceeds to Issuer. In the event that, notwithstanding the "Lender's loss payable endorsement" requirement set forth above, the proceeds of any casualty insurance policy described herein are paid to Borrower, Borrower shall deliver such proceeds to Trustee, as the assignee of Issuer, immediately upon receipt.

11.4 Application of Casualty Insurance Proceeds. Any proceeds collected (the "Proceeds") under any casualty insurance policy described in this Agreement shall be disbursed to Borrower as provided below, but only upon fulfillment of each of the following conditions (the "Restoration Conditions") within sixty (60) days following the occurrence of the damage for which the Proceeds are collected:

(a) Borrower shall have demonstrated to Bondowner Representative's reasonable satisfaction that the Proceeds (together with amounts deposited by Borrower pursuant to subparagraph (b)) will be adequate to repair the Improvements and to restore the fair market value of the Property, within a time period reasonably determined by Bondowner Representative, to at least the value it had immediately prior to sustaining the damage. Such demonstration shall include delivery to Bondowner Representative of (i) plans and specifications reasonably satisfactory to Bondowner Representative and (ii) a construction contract in form and content, and with a contractor, reasonably satisfactory to Bondowner Representative.

(b) To the extent that the Proceeds are insufficient to accomplish the restoration required above, Borrower shall have delivered to Trustee, as the assignee of Issuer, funds (the "Shortfall Funds") in the amount of such shortfall, as determined by Bondowner Representative which funds shall be assigned to Issuer as security for Borrower's obligation hereunder and held and disbursed in the same manner as the Proceeds.

(c) Borrower shall have executed such documents as Bondowner Representative requires to evidence and secure Borrower's obligation to use all amounts disbursed for the diligent restoration of the Property.

(d) No Event of Default shall remain uncured.

11.4.2 Any Proceeds and Shortfall Funds to be disbursed to Borrower shall be held by Trustee, as the assignee of Issuer, and disbursed in accordance with the disbursement procedures and related provisions of this Agreement and all other disbursement provisions then customarily required by Bondowner Representative. Any amounts remaining undisbursed following completion of such restoration shall be returned to Borrower up to the amount of any Shortfall Funds deposited by Borrower, and any other amounts remaining shall either be paid to Borrower or applied, at Bondowner Representative's direction, against any obligations to Issuer or Bondowner Representative that are secured by a lien on the Property, as Bondowner Representative elects in its absolute discretion.

11.4.3 In the event that Borrower fails to fulfill the Restoration Conditions within 60 days following the date on which the damage occurs, the Proceeds shall be applied by Issuer against any obligations to Issuer that are secured by a lien on the Property, and the selection of which such obligations to apply the Proceeds against shall be made by Bondowner Representative in its absolute discretion.

11.5 Restoration. Nothing in this Article 11 shall be construed to excuse Borrower from repairing and restoring all damage to the Property in accordance with other Loan Document provisions, regardless of whether insurance proceeds are available or sufficient.

11.6 Treatment of Compensation. Borrower hereby assigns to Issuer, as security for all obligations to Issuer secured by a lien on the Property, all amounts payable to Borrower in connection with any Condemnation, and any proceeds of any related settlement (collectively, "Compensation"). Borrower shall deliver all Compensation to Trustee, as the assignee of Issuer, immediately upon receipt. In the event that Bondowner Representative chooses, in its absolute discretion, to waive the Event of Default described in Section 12.1(f), any Compensation received by Issuer shall be (i) disbursed to Borrower for repairs and reconstruction in accordance with the rights, procedures and other provisions set forth in this Agreement for the application of casualty insurance proceeds (including, without limitation, requirements with respect to Borrower's deposit of Shortfall Funds) and/or (ii) applied by Issuer against obligations to Issuer secured by a lien on the Property in such order as Bondowner Representative shall determine in its absolute discretion.

12. Defaults and Remedies

12.1 Events of Default. The occurrence of any of the following, whatever the reason therefor, shall constitute an Event of Default:

(a) Borrower fails to make any payment of principal and/or interest under a Note within five (5) days after such payment first becomes due; or

(b) Borrower fails to perform any other obligation for the payment of money (other than payments described in subparagraph(a), above) under any Loan Document executed by Borrower within 10 days after Issuer or Bondowner Representative gives Borrower written notice that such obligation was not performed; or

(c) Borrower fails to timely perform any obligation (other than obligations described in subparagraphs (a) and (b), above) under any Loan Document executed by Borrower, and such failure is not cured within 30 days after Issuer or Bondowner Representative gives Borrower written notice that such obligation was not performed; provided that, if cure cannot reasonably be effected within such 30-day period, such failure shall not be an Event of Default so long as Borrower promptly (in any event, within 10 days after receipt of such notice) commences cure, and thereafter diligently (in any event within 90 days after receipt of such notice) prosecutes such cure to completion; or

(d) Guarantor fails to perform any obligation under any Guaranty following any applicable notice and cure period executed by Guarantor; or

(e) Any representation or warranty in any Loan Document proves to have been incorrect in any material respect when made; or

(f) All or any material portion of the Property is condemned, seized or appropriated by a Governmental Agency; or

(g) The Property is materially damaged or destroyed by fire or other casualty unless Borrower fulfills the Restoration Conditions set forth in the insurance provisions of this Agreement within sixty (60) days and thereafter diligently restores the Property in accordance with this Agreement; or

(h) Work on the Project ceases for fifteen (15) days for any reason other than governmental orders, decrees or regulations, acts of God, strikes or other causes beyond Borrower's reasonable control, provided that the same do not, in the aggregate and in Bondowner Representative's reasonable judgment, threaten to delay the completion of the Project beyond the required completion date set forth in this Agreement; or

(i) Work on the Project ceases for thirty (30) days for any reason; or

(j) Any contractor for the Project whose contract exceeds \$50,000 in value breaches such contract, and Borrower fails to enter into, within 30 days after such event, an agreement with a substitute contractor which (A) is acceptable to Bondowner Representative within the Approved Budget allocation for such contract, (B) is not an Affiliate of Borrower or any Partner, (C) has a bonding capacity equal to or greater than the Contractor's bonding capacity as of the date of this Agreement, and (D) has experience as a contractor with low income affordable housing projects in the area where the Project is located; or

(k) Borrower or any General Partner or, prior to the Conversion Date, Guarantor, is dissolved, liquidated or terminated, or all or substantially all of the assets of Borrower or any General Partner or, prior to the Conversion Date, Guarantor, except

for any Permitted Transfer under the Deed of Trust, are sold or otherwise transferred without Bondowner Representative's prior written consent, or any General Partner withdraws as a general partner of Borrower provided, however, that the dissolution termination or withdrawal of the General Partner shall not constitute an Event of Default under this Section so long as, within thirty (30) days after such event, the defaulting General Partner is removed and replaced by a substitute general partner in accordance with the Deed of Trust; or

(l) Borrower, the General Partner, or, prior to the Conversion Date, any Guarantor, is the subject of an order for relief by a bankruptcy court, or is unable or admits its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or Borrower, the General Partner or, prior to the Conversion Date, any Guarantor, applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or any part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of Borrower, General Partner, or, prior to the Conversion Date, any Guarantor, as the case may be, and the appointment continues undischarged or unstayed for ninety (90) days; or Borrower, the General Partner or, prior to the Conversion Date, any Guarantor, institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to it or any part of its property; or any similar proceeding is instituted without the consent of Borrower, the General Partner or, prior to the Conversion Date, any Guarantor, as the case may be, and continues undismissed or unstayed for ninety (90) days; or any judgment, writ, warrant of attachment or execution, or similar process is issued or levied against any property of Borrower, the General Partner or, prior to the Conversion Date, any Guarantor, and is not released, vacated or fully bonded within thirty (30) days after its issue or levy; provided, however, that the commencement of any of the proceedings described herein shall not constitute an Event of Default under this Section so long as, within thirty (30) days of the commencement of such event, the defaulting General Partner is removed and replaced by a substitute general partner in accordance with the Deed of Trust; or

(m) Any Guaranty is repudiated, revoked or terminated without Bondowner Representative's prior written consent; or Guarantor claims that its Guaranty is ineffective or unenforceable, in whole or in part and for any reason, with respect to amounts then outstanding or amounts that might in the future be outstanding; or

(n) Prior to the release of the Guaranty in accordance with its terms, any Guarantor who is a natural person (if any) dies, unless, within ninety (90) days after Guarantor's death, the estate of the deceased Guarantor or another substitute guarantor approved by Bondowner Representative shall have assumed all of Guarantor's obligations under Guarantor's Guaranty pursuant to a written assumption agreement duly authorized, executed and delivered by such assuming guarantor to Issuer and Bondowner Representative and otherwise in form and substance reasonably acceptable to Bondowner Representative; or

(o) Borrower is enjoined or otherwise prohibited by any Governmental Agency from constructing and/or occupying the Improvements and such injunction or prohibition continues unstayed for twenty (20) days or more for any reason; or

(p) Any Bond Document is amended, modified or terminated without Bondowner Representative's prior written consent; or a default occurs under any Bond Document subject to any applicable notice and/or cure period set forth therein; or

(q) Any Equity Construction Deposit shown on Exhibit "G" is not made on the date such Equity Construction Deposit is scheduled to be made as shown on Exhibit "G" and Borrower does not cure such failing by depositing into the Borrower's Funds Account, within five (5) days thereafter, the full amount of such deposit (from capital contributions made by Investor Limited Partner or other sources other than the Loan or the Subordinate Loans);

(r) Any default occurs under the Partnership Agreement that is not cured within the applicable notice and cure period set forth therein; or

(s) the AHAP or any Subordinate Loan Document is amended, modified or terminated without Bondowner Representative's prior written consent; or a default occurs under the AHAP or any Subordinate Loan Document, which default is not cured within any applicable cure period set forth therein; or

(t) (i) Any "Event of Default" occurs under any other Loan Document; or (ii) any Determination of Taxability occurs; or

(u) Any default or "Event of Default" occurs under the Ground Lease.

12.2 Remedies Upon Default. Upon the occurrence of any Event of Default, the Trustee, as assignee of the Issuer, may take such action or actions as Bondowner Representative may direct, at Bondowner Representative's option and in its absolute discretion, including, but not limited to, any or all of the following actions:

(a) Terminate any obligation to make further disbursements of Loan proceeds;

(b) Declare the outstanding principal balance of the Loan, together with all accrued interest thereon and other amounts owing in connection therewith, to be immediately due and payable in full, regardless of any other specified due date; provided that any Event of Default described in Section 12.1(l) shall automatically, without notice or other action on Issuer's, Trustee's or Bondowner Representative's part, cause all such amounts to be immediately due and payable in full;

(c) In its own right or by a court-appointed receiver, take possession of the Property, enter into contracts for and otherwise proceed with the completion of the Project, and pay the costs thereof out of the proceeds of the Bonds and funds in the Borrower's Funds Account; and in the event that such costs exceed the total of such funds, Issuer, Trustee and Bondowner Representative shall have the right, but not the obligation, to pay such excess costs by expenditure of their own respective funds; and/or

(d) Exercise any of Issuer's (other than Issuer's Reserved Rights), Trustee's or Bondowner Representative's rights under the Loan Documents and any rights provided by Law, including the right to foreclose on any security and exercise any other rights with respect to any security, all in such order and manner as Bondowner Representative elects in its absolute discretion.

12.3 Cumulative Remedies; No Waiver. Issuer's, Trustee's and Bondowner Representative's rights and remedies under the Loan Documents are cumulative and in addition to all rights and remedies provided by Law from time to time. The exercise by Issuer, Trustee or Bondowner Representative of any right or remedy shall not constitute a cure or waiver of any default, nor invalidate any notice of default or any act done pursuant to any such notice, nor prejudice Issuer, Trustee or Bondowner Representative in the exercise of any other right or remedy. No waiver of any default shall be implied from any omission by Issuer, Trustee or Bondowner Representative to take action on account of such default if such default persists or is repeated. No waiver of any default shall affect any default other than the default expressly waived, and any such waiver shall be operative only for the time and to the extent stated. No waiver of any provision of any Loan Document shall be construed as a waiver of any subsequent breach of the same provision. The consent by Issuer, Trustee or Bondowner Representative to any act by Borrower requiring further consent or approval shall not be deemed to waive or render unnecessary Issuer's, Trustee's or Bondowner Representative's consent to or approval of any subsequent act. Issuer's, Trustee's or Bondowner Representative's acceptance of the late performance of any obligation shall not constitute a waiver by Issuer, Trustee or Bondowner Representative of the right to require prompt performance of all further obligations; Issuer's, Trustee's or Bondowner Representative's acceptance of any performance following the sending or filing of any notice of default shall not constitute a waiver of Issuer's, Trustee's or Bondowner Representative's right to proceed with the exercise of its remedies for any unfulfilled obligations; and Issuer's, Trustee's or Bondowner Representative's acceptance of any partial performance shall not constitute a waiver by Issuer, Trustee or Bondowner Representative of any rights relating to the unfulfilled portion of the applicable obligation.

13. Miscellaneous

13.1 Nonliability. Borrower acknowledges and agrees that:

(a) the relationship among Borrower, Issuer and Bondowner Representative is and shall remain solely that of Borrower, Issuer, and Bondowner Representative and neither Issuer nor Bondowner Representative undertakes nor assumes any responsibility to review, inspect, supervise, approve or inform Borrower of any matter in connection with the Project, including matters relating to: (i) the Plans, (ii) architects, contractors, subcontractors and materialmen, or the workmanship of or materials used by any of them, or (iii) the progress of the Project and its conformity with the Plans; and Borrower shall rely entirely on its own judgment with respect to such matters and acknowledges that any review, inspection, supervision, approval or information supplied to Borrower by Issuer or Bondowner Representative in connection with such matters is solely for the protection of Issuer and Bondowner Representative and that neither Borrower nor any third party is entitled to rely on it;

(b) notwithstanding any other provision of any Loan Document: (i) neither Issuer nor Bondowner Representative is or shall be deemed a partner, joint venturer, alter-ego, manager, controlling person or other business associate or participant of any kind of Borrower and neither Issuer nor Bondowner Representative intends to ever assume any such status; (ii) neither Issuer's nor Bondowner Representative's activities in connection with the Loan shall be "outside the scope of the activities of an Issuer of money" within the meaning of California Civil Code Section 3434, as modified or recodified from time to time, and neither Issuer nor Bondowner Representative intends to ever assume any responsibility to any Person for the quality or safety of the Property; and (iii) neither Issuer nor Bondowner Representative shall be deemed responsible for or a participant in any acts, omissions or decisions of Borrower;

(c) Neither Issuer nor Bondowner Representative shall be directly or indirectly liable or responsible for any loss or injury of any kind to any Person or property resulting from any construction on, or occupancy or use of, the Property (except to the extent proximately caused by Issuer's willful misconduct or Bondowner Representative's gross negligence or willful misconduct), whether arising from: (i) any defect in any building, grading, landscaping or other on-site or off-site improvement; (ii) any act or omission of Borrower or any of Borrower's agents, employees, independent contractors, licensees or invitees; or (iii) any accident on the Property or any fire or other casualty or hazard thereon; and

(d) By accepting or approving anything required to be performed or given to Issuer or Bondowner Representative under the Loan Documents, including any certificate, financial statement, survey, appraisal or insurance policy, neither Issuer nor Bondowner Representative shall be deemed to have warranted or represented the sufficiency or legal effect of the same, and no such acceptance or approval shall constitute a warranty or representation by Issuer or Bondowner Representative to anyone.

13.2 Indemnification of the Issuer, Trustee and Bondowner Representative.

(a) To the fullest extent permitted by law, but subject to Sections 13.19 and 13.20, below, the Borrower agrees to indemnify, hold harmless and defend the Issuer, Trustee and the Bondowner Representative, and each of their respective officers, governing members, directors, officials, employees, attorneys and agents past, present and future (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

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

(ii) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project,

the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof;

(iii) any lien or charge upon payments by the Borrower to the Issuer, Trustee and/or the Bondowner Representative hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer in respect of any portion of the Project (excluding (a) any judgment lien or similar charge upon such payments not caused by the act or omission of Borrower, and (b) any income or franchise taxes payable by Issuer, Trustee or Bondowner Representative);

(iv) any violation of any Environmental Law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof;

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

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

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

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

except (A) in the case of the foregoing indemnification of the Bondowner Representative or any its officers, directors, members, officials, employees, attorneys and agents, to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party, or (B) in the case of the foregoing indemnification of the Issuer or any of its officers, members, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party; and provided that this Section 13.2(a) is not intended to give rise to a right of the Issuer or the Bondowner Representative to claim payment of the principal and accrued interest with respect to the Loan as a result of an indemnified third party claim. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the

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

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

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to this Agreement shall survive the final payment or defeasance of the Bonds and, in the case of the Trustee and Bondowner Representative, any resignation by either or both of them. The provisions of this Section shall survive the termination of this Loan Agreement.

13.3 Reimbursement of Issuer, Trustee and Bondowner Representative.

Borrower shall reimburse Issuer, Trustee and Bondowner Representative immediately upon written demand for all costs reasonably incurred by Issuer, Trustee and Bondowner Representative (including the reasonable fees and expenses of attorneys, accountants, appraisers and other consultants, whether the same are independent contractors or employees of Issuer, Trustee and Bondowner Representative) in connection with the negotiation, preparation, execution, delivery, administration, modification, performance and enforcement of the Loan Documents (other than the Hazardous Materials Agreement, the obligations under which are separate from those under the other Loan Documents) and all related matters, including the following: (a) Issuer's, Trustee's and/or Bondowner Representative's commencement of, appearance in, or defense of any action or proceeding purporting to affect the rights or obligations of the parties to any Loan Document, other than (i) Issuer's, Trustee's or Bondowner Representative's defense of any action in which Borrower is awarded a judgment against such party and (ii) Issuer's, Trustee's or Bondowner Representative's prosecution of any action against Borrower in which the applicable party fails to obtain a judgment against Borrower; and (b) all claims, demands, causes of action, liabilities, losses, commissions and other costs against which Issuer, Trustee and/or Bondowner Representative is indemnified under the Loan Documents. Such reimbursement obligations shall bear interest following written demand at the Default Rate, and shall be secured by the Security Documents. Such reimbursement obligations shall survive the cancellation of the Notes and the release and reconveyance of the Security Documents.

13.4 Obligations Unconditional and Independent. Notwithstanding the existence at any time of any obligation or liability of Issuer, Trustee or Bondowner Representative to Borrower, or any other claim by Borrower against Issuer, Trustee or Bondowner Representative, in connection with the Loan or otherwise, Borrower hereby waives any right it might otherwise have (a) to offset any such obligation, liability or claim against Borrower's obligations under the Loan Documents or (b) to claim that the existence of any such outstanding obligation, liability or claim excuses the nonperformance by Borrower of any of its obligations under the Loan Documents.

13.5 Notices. All notices, demands, approvals and other communications provided for in the Loan Documents shall be in writing and be delivered to the appropriate party at its address as follows:

If to Borrower: AMCAL Broadway Fund, L.P.
30141 Agoura Road
Suite 100
Agoura Hills, California 91301
Attention: President

If to Issuer: City of Los Angeles
Los Angeles Housing Department
8th Floor
1200 West 7th Street
Los Angeles, California 90017
Attention: Supervisor, Affordable Housing Bond Program

With a copy to: Wells Fargo Bank National Association
MAC – E2818-176
707 Wilshire Boulevard
17th Floor
Los Angeles, California 90017
Attention: Corporate Trust Services

If to Bondowner Representative:

U.S. Bank National Association
4747 Executive Drive
3rd Floor
San Diego, California 92121
Attention: Loan Administration Manager

With a copy to: Davis Wright Tremaine LLP
865 South Figueroa Street
Suite 2400
Los Angeles, California 90017
Attention: Mark L. Nelson, Esq.

Addresses for notice may be changed from time to time by written notice to all other parties. All communications shall be effective when actually received; provided, however, that nonreceipt of any communication as the result of a change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication.

13.6 Survival of Representations and Warranties. All representations and warranties of Borrower, General Partner and Guarantor in the Loan Documents shall survive the making of the Loan and have been or will be relied on by Issuer, Trustee and Bondowner Representative notwithstanding any investigation made by Issuer, Trustee or Bondowner Representative.

13.7 Signs. Issuer and Bondowner Representative may each place reasonable signs on the Property during the term of the Loan stating that financing is being provided by Issuer and Bondowner Representative and any other participant in the Loan.

13.8 No Third Parties Benefited. This Agreement is made for the purpose of setting forth rights and obligations of Borrower, Issuer, Trustee and Bondowner Representative, and no other Person shall have any rights hereunder or by reason hereof.

13.9 Binding Effect; Assignment of Obligations. This Agreement shall bind, and shall inure to the benefit of, Borrower, Issuer, Trustee and Bondowner Representative and their respective successors and assigns. Borrower shall not assign any of its rights or obligations under any Loan Document without the prior written consent of Bondowner Representative, which consent may be withheld in Bondowner Representative's absolute discretion. Any such assignment without such consent shall, at Bondowner Representative's option, be void.

13.10 Counterparts. Any Loan Document, other than the Notes, may be executed in counterparts, all of which, taken together, shall be deemed to be one and the same document.

13.11 Prior Agreements; Amendments; Consents. This Agreement (together with the other Loan Documents) contains the entire agreement among Issuer, Borrower and Bondowner Representative with respect to the Loan, and all prior negotiations, understandings and agreements (including, but not limited to, the commitment letter issued by Bondowner Representative to Borrower (or Borrower's affiliate)) are superseded by this Agreement and such Loan Documents. No modification of any Loan Document (including waivers of rights and conditions) shall be effective unless in writing and signed by the party against whom enforcement of such modification is sought, and then only in the specific instance and for the specific purpose given. Notwithstanding the foregoing, Bondowner Representative shall have the right to waive or modify, conditionally or unconditionally, the conditions to its approvals and consents hereunder, without the consent of any party other than Borrower. Consents and approvals required by this Agreement to be obtained from Borrower, Issuer and/or Trustee shall be in writing and shall not be unreasonably withheld, conditioned or delayed. Consents and approvals to be obtained from Bondowner Representative shall be in writing.

13.12 Governing Law. All of the Loan Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

13.13 Severability of Provisions. No provision of any Loan Document that is held to be unenforceable or invalid shall affect the remaining provisions, and to this end all provisions of the Loan Documents are hereby declared to be severable.

13.14 Headings. Article and section headings are included in the Loan Documents for convenience of reference only and shall not be used in construing the Loan Documents.

13.15 Conflicts. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, this Agreement shall prevail; provided however that, with respect to any matter addressed in both such documents, the fact that one document provides for greater, lesser or different rights or obligations than the other shall not be deemed a conflict unless the applicable provisions are inconsistent and could not be simultaneously enforced or performed.

13.16 Time of the Essence. Time is of the essence of all of the Loan Documents.

13.17 Transfer and Participation in Bonds. Subject only to any limitations expressly set forth in the Indenture and the Bond Regulatory Agreement, Bondowner Representative may transfer, or sell participations in, the Bonds, Loan and the Loan Documents at any time, in whole and in part, and may furnish any transferee or participant or prospective transferee or participant with all documents and information relating to Borrower, each Partner, Guarantor, the Bonds and the Loan that Bondowner Representative deems advisable in connection therewith. Borrower's indemnity obligations under the Loan Documents shall also apply with respect to any transferee or participant and the directors, officers, agents and employees of any transferee or participant.

13.18 Hazardous Materials Agreement. In consideration of Issuer's and Bondowner Representative's entry into this Agreement, Borrower shall deliver to Issuer and Bondowner Representative the Hazardous Materials Agreement. Notwithstanding any other provision of any Loan Document, Borrower's obligations under such Agreement shall not be secured by the Deed of Trust or any other real property now or hereafter assigned to Issuer, Trustee or Bondowner Representative as security for any Loan Document.

13.19 Effect of Conversion on Recourse Status; Exceptions. Notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, if the Conditions to Conversion (as defined in Note A) are timely satisfied on or before the Conversion Date and Lender has executed the Conversion Election Notice (as defined in Note A), then, from and after the Conversion Date, Note A shall be a Limited Recourse Obligation and Borrower shall not be liable for the payment of any portion of the loan evidenced by Note A or any other Loan Document; provided, however, that the foregoing shall in no way affect any liability of Borrower to Lender for (a) loss or damage of any kind resulting from waste, fraud or willful misrepresentations; (b) any rental income or other income arising

with respect to the Project received by Borrower after Lender has given notice to Borrower of the occurrence of an Event of Default or any such occurrence of which Borrower has notice; (c) diminution of the fair market value, as of the date referred to in (b), above, of any personalty and fixtures removed by Borrower after such date; (d) all legal costs and expenses reasonably incurred by Lender after the giving to Borrower of notice of the occurrence of an Event of Default or for any violation or alleged violation of law described under subparagraphs (h) and/or (j) below; (e) any amounts owing to Lender under indemnity provisions contained in the Loan Documents; (f) any amounts owing to Lender under any Hazardous Substances, access and/or other indemnities; (g) the amount, if any, by which the sum of all amounts realized by Lender through the sale (or other reasonable disposition) of all assets pledged and/or assigned to Lender under the Security Documents is exceeded by the obligations secured thereunder, but only to the extent that any deficiency is directly attributable to Borrower's failure to insure any such asset(s) in accordance with the requirements of the Loan Documents; (h) any loss or damage of any kind resulting from violations or alleged violations of criminal laws or as a result of criminal activity whether or not in the nature of conspiracy, (i) failure of Borrower to deliver to Lender the Forms 8609 issued by the Credit Agency for the Project on or before the one (1)-year anniversary of the Conversion Date, and/or (j) any loss or damage of any kind resulting from violation or alleged violation of the Fraud Enforcement and Recovery Act of 2009 or any portion thereof (the "Non-Recourse Carveouts"). Notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, any payment obligations under this Agreement or any other shall be non-recourse to the Limited Partners of Borrower. Nothing in this Section 13.19 shall constitute a release of, or a limitation upon the liability of, any Guarantor.

13.20 Limited Liability of Issuer. The Issuer, as issuer of the Bonds, shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bonds or any of the other Loan Documents, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement and the other Loan Documents. All obligations and any liability of the Issuer, as issuer of the Bonds, shall be further limited as provided in the Indenture. Notwithstanding any provision to the contrary in this Agreement, the Bond Documents, the Loan Documents, the Bonds or any other documents relating to the Bonds, the Loan or the Project, upon the pledge and assignment by the Issuer to the Trustee, pursuant to the Indenture, of all of the Issuer's right, title and interest under this Agreement and the other Loan Documents (except Unassigned Rights), other than making the Loan to the Borrower, the Issuer shall have no further duty, obligation, responsibility or liability with respect to the disbursement of the proceeds of the Bonds.

13.21 Waiver of Right to Designate Application of Payment. Borrower hereby waives any and all rights it may have under California Civil Code Section 2822 to designate any amount received or collected by Issuer, Trustee or Bondowner Representative from Borrower, any Guarantor or any other party in repayment of the Loan against any particular portion of the Loan. If, for any reason, the foregoing waiver is found to be invalid or unenforceable, Borrower hereby irrevocably elects to designate all amounts received by Issuer, Trustee or Bondowner Representative from any source other than guarantor(s) who are guaranteeing only a portion of the Loan (collectively, the "Partial Payment Guarantors") as payment toward the portion of the indebtedness and other obligations of Borrower evidenced by the Notes which is not guaranteed

by such Partial Payment Guarantors, and only after such amount has been paid in full, against the balance of the Loan.

13.22 Adjustment of Interest Rate Upon Loss of Tax Exclusion. The interest rates applicable under the Notes and with respect to the Bonds are based on the assumption that interest income paid on the Bonds and received by the Holders of the Bonds will be excludable from the Holders' gross income under Section 103 of the Code and applicable State law. In the event that (i) any Holder gives Issuer or Bondowner Representative notice that such Holder has discovered any facts or circumstances not attributable to the Holder that would cause interest on the Bonds not to be excluded from gross income of such Holder for federal income tax purposes, other than as a result of the Bonds being held by a "substantial user" or a "related party" to such "substantial user" as used in Section 147(a) of the Code; or (ii) any Holder received notice from the Internal Revenue Service or other government agency that interest payable on the Bonds is not excludable from gross income of such Holder for federal income tax purposes, or that the Internal Revenue Service is challenging the tax-exempt status of the interest on the Bonds, then the interest rate on the Notes, the Bonds and on all obligations under this Agreement shall be increased to a rate equal to the Prime Rate in effect from time to time plus 2.00% (but in any event not to exceed the Maximum Rate). In addition, the Holders shall be paid by the Borrower, promptly upon demand, an amount equal to the difference between the amount of interest payable on the Notes from the date on which such loss of tax exemption on the Bonds shall be applicable to the date on which the interest rate on the Notes was increased and the amount of interest that would have been payable on the Notes during such period had the Notes borne interest during such period at such higher rate. If, following any increase in interest rates pursuant to this Section, a final determination is made, to the satisfaction of Holders, that interest paid on the Bonds was, at all times prior to the determination, and will continue to be, excludable from the Holders' gross income under Section 103 of the Code and applicable state law, the Holders shall promptly refund to the Borrower any additional interest paid by the Borrower pursuant to this Section.

13.23 Guaranties Unsecured. The Security Documents shall secure Borrower's obligations under the Loan Documents. Notwithstanding the fact that the Loan Documents may now or hereafter include one or more Guaranties and/or other documents creating obligations of Persons other than Borrower, and notwithstanding the fact that any Security Document may now or hereafter contain general language to the effect that it secures "the Loan Documents," no Security Document shall secure any Guaranty, or any other obligation of any Person other than Borrower, unless such Security Document specifically describes such Guaranty or other obligation as being secured thereby.

13.24 Waiver of Right to Trial by Jury. EACH PARTY (OTHER THAN ISSUER) TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY (OTHER THAN ISSUER) HEREBY AGREES AND CONSENTS

THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO (OTHER THAN ISSUER) TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

13.25 Right of Setoff. Borrower grants to Lender a contractual security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Bondowner Representative (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA and Keogh accounts, and all trust accounts for which the grant of a security interest would be prohibited by law. Borrower authorizes Bondowner Representative, to the extent permitted by applicable law, to charge or setoff all sums owing on the Notes against any and all such accounts.

13.26 Assignment to Trustee. Borrower acknowledges that, concurrently herewith, and in accordance with the Indenture, Issuer has assigned all of its right, title and interest under this Agreement to Trustee, other than Issuer's "Unassigned Rights" (as defined in the Indenture).

13.27 Subordination to Extended Use Agreement. In order to receive an allocation of Tax Credits, Borrower will be required to record in the real property records of the county in which the property is located, an "extended low-income housing commitment" (as defined in Code Section 42(h)(6)(B)) (the "Extended Use Agreement"). If the California Tax Credit Allocation Committee or applicable federal law requires that the lien of the Deed of Trust be subordinate to the Extended Use Agreement, then Bondowner Representative shall execute a subordination agreement ("Subordination Agreement (Extended Use Agreement)"), wherein the lien of the Deed of Trust is subordinated to the Extended Use Agreement, provided, however, that the following conditions are met:

(a) under the terms of the Extended Use Agreement and the Subordination Agreement (Extended Use Agreement), if Bondowner Representative or its successors or assigns (collectively, the "REO Owner") acquires the Property and Improvements by foreclosure (or instrument in lieu of foreclosure), then the "extended use period" (as defined in Section 42(h)(6)(D)) of the Internal Revenue Code) shall terminate, except for the obligation of the REO Owner to comply with the limitations on evictions, termination of tenancy and increase in rents for the three year period following the REO Owner's acquisition of the Property, as set forth in Section 42(h)(6)(I)(ii) of the Internal Revenue Code and

(b) the Subordination Agreement (Extended Use Agreement) shall otherwise be in a form, and shall contain terms, reasonably acceptable to Bondowner Representative.

13.28 Non Discrimination and Affirmative Action. The Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the

United States of America, the State of California, and the Issuer. The Borrower shall not discriminate in its employment practices against any employee or applicant for employment denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Borrower shall comply with Executive Order 11246, entitled "Equal Employment Opportunity", as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60). The Borrower shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Borrower shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Borrower shall also comply with all rules, regulations, and policies of the Issuer's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the Issuer. Any subcontract entered into by the Borrower relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Agreement. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

13.29 Business Tax Registration Certificate. Subject to any exemption available to it, Borrower and Bondowner Representative each represent that it has obtained or will obtain the Business Tax Registration Certificate(s) required by the City of Los Angeles' Business Tax Ordinance (Article 1, Chapter 2, Section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Agreement, Borrower and Bondholder Representative each shall maintain, or obtain as necessary, any such Business Tax Registration Certificate(s) required of it under said Ordinance and shall not allow any such Business Tax Registration Certificate(s) to be revoked or suspended.

13.30 Child Support Assignment Orders. This Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, Borrower certifies that it will (a) fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (b) that the principal owner(s) of Borrower are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (c) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (d) maintain such compliance throughout the term of the Regulatory Agreement. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of Borrower to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of Borrower to comply with

any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by Borrower as appropriate, under the terms of the Regulatory Agreement, subjecting (i) Borrower to the remedies provided herein and (ii) the Trustee to termination under the Indenture where, in either case, such failure shall continue for more than 90 days after notice of such failure to Borrower by Issuer. Any subcontract entered into by Borrower relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of Borrower to obtain compliance of its subcontractors shall constitute a default by Borrower under the terms of this Agreement, subjecting (i) Borrower to the remedies provided herein and (ii) the Trustee to termination under the Indenture where such failure shall continue for more than 90 days after notice of such failure to Borrower by Issuer.

Borrower shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. The Borrower hereby affirms that to the best of its knowledge, it is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in subdivision (1) of Section 7110 of the Public Contract Code.

13.31 Americans With Disabilities Act. Borrower hereby certifies that it will comply with the Americans with Disabilities Act, 42 U.S.C. 12101 et seq. and its implementing regulations and the American Disabilities Act Amendments Act ("ADAA") Pub. L. 110-325 and all subsequent amendments ("ADA"). Borrower will provide for reasonable accommodations to allow qualified individuals with disabilities access to and participation in their programs, services and activities in accordance with the ADA. In addition, Borrower shall not discriminate against individuals with disabilities nor against persons due to their relationship or association with a person with a disability. Any subcontract entered into by Borrower relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section.

13.32 Right of Setoff. Borrower grants to Lender a contractual security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA and Keogh accounts, and all trust accounts for which the grant of a security interest would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Notes against any and all such accounts.

13.33 Reserved.

13.34 NOTICE, REPRESENTATIONS, WARRANTIES AND COVENANTS REGARDING COMPLIANCE WITH ANTI-TERRORISM LAWS. To help the government fight the funding of terrorism and money laundering activities, Federal law requires Lender to obtain, verify, and record information that identifies each person who opens an account. This means that Lender will ask for Borrower's name, Tax ID number, address, date of birth, and

other information, as applicable, including identifying documents that will allow Lender to properly identify Borrower. In addition, Borrower hereby represents and warrants to, and agrees with, Lender as follows regarding Anti-Terrorism Laws:

13.34.1 None of Borrower or any loan guarantor or their respective constituents or affiliates or any of their respective agents acting or benefiting in any capacity in connection with the Loan (collectively, the "Borrower Parties") is in violation of any laws relating to terrorism or money laundering, including, but not limited to, Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order") and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 ("Patriot Act"), collectively referred to herein as "Anti-Terrorism Laws";

13.34.2 No action, proceeding, investigation, charge, claim, report, or notice has been filed, commenced, or threatened against any Borrower Party alleging any violation of any Anti-Terrorism Law;

13.34.3 No Borrower Party has, after due investigation and inquiry, knowledge, or notice of any fact, event, circumstance, situation, or condition that could reasonably be expected to result in (i) any action, proceeding, investigation, charge, claim, report, or notice being filed, commenced, or threatened against any of them alleging any violation of, or failure to comply with, any Anti-Terrorism Law, or (ii) the imposition of any civil or criminal penalty against any of them for any failure to so comply;

13.34.4 No Borrower Party or, to Borrower's knowledge, the Seller of the Property (if any portion of the Property is being acquired with proceeds of the Loan), is a "Prohibited Person." A Prohibited Person means any of the following:

(a) a person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order;

(b) a person or entity owned or controlled by, or acting for or on behalf of, any person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order;

(c) a person or entity with whom Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(d) a person or entity who commits, threatens, or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(e) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website or any replacement website or other replacement official publication of such list;

13.34.5 No Borrower Party or, to Borrower's knowledge, the Seller of the Property (if any portion of the Property is being acquired with proceeds of the Loan) (i)

conducts any business or engages in making or receiving any contribution of funds, goods, or services to or for the benefit of any Prohibited Person, (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order, or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law;

13.34.6 Borrower shall not (i) conduct any business or engage in making or receiving any contribution of funds, goods, or services to or for the benefit of any Prohibited Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or any other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law;

13.34.7 Notwithstanding any other provision of this Agreement, before any assignment, mortgage, encumbrance, pledge, hypothecation or grant of a security interest in all or any direct or indirect ownership interest in Borrower, and before any changes in direct or indirect ownership of any Borrower Party, Borrower shall give a written notice to Lender (i) advising Lender, in reasonable detail as to the proposed ownership change, and (ii) reaffirming that the representations and warranties herein contained will remain true and correct.

13.34.8 Borrower agrees to deliver to Lender any certification, other evidence requested from time to time by Lender in its reasonable discretion, and sufficient information (including names, addresses, and where applicable, jurisdiction of formation or organization) to reasonably permit Lender to verify and confirm the accuracy of, and Borrower's compliance with, the foregoing representations, warranties and agreements.

13.35 Capital Adequacy/Yield Protection. If there shall occur any adoption or implementation of, or change to, any Requirements of Law, or interpretation or administration thereof, which shall have the effect of imposing on Lender (or Lender's holding company) any increase or expansion of or any new: tax (excluding taxes on its overall income and franchise taxes), charge, fee, assessment or deduction of any kind whatsoever, or reserve, capital adequacy, special deposits or similar requirements against credit extended by, assets of, or deposits with or for the account of Lender or other-conditions affecting the extensions of credit under this Agreement; then Borrower shall pay to Lender such additional amount as Lender deems necessary to compensate Lender for any increased cost to Lender attributable to the extension(s) of credit under this Agreement and/or for any reduction in the rate of return on Lender's capital and/or Lender's revenue attributable to such extension(s) of credit. As used above, the term "Requirements of Law" shall expressly include any federal, state or international law, governmental or quasi-governmental rule, regulation, policy, guideline or directive (including but not limited to the Dodd-Frank Wall Street Reform and Consumer Protection Act and enactments, issuances or similar pronouncements by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices or any similar authority and any successor thereto) that applies to Lender. Lender's determination of the additional amount under this paragraph shall be binding in the absence of

manifest error, and such amount(s) shall be payable within 15 days of demand and, if recurring, as otherwise billed by Lender.

[Signature pages follow]

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

BORROWER:

AMCAL BROADWAY FUND, L.P.,
a California limited partnership

By: _____
a California nonprofit public benefit
corporation,
its General Partner

By: _____
Name: _____
Title: _____

BONDOWNER REPRESENTATIVE:

U.S. BANK NATIONAL ASSOCIATION,
a national banking association

By: _____

Waheed Karim
Vice President

ISSUER:

CITY OF LOS ANGELES, as Issuer

By: Los Angeles Housing Department

By: _____
Authorized Officer

APPROVED AS TO FORM:

MICHAEL N. FEUER, City Attorney

Assistant/Deputy City Attorney

EXHIBIT "A"

LEGAL DESCRIPTION

All that certain real property situated in the County of Los Angeles, State of California,
described as follows:

EXHIBIT "B"

DEFINITIONS AND INTERPRETATION

1. Definitions. As used in this Agreement (and in all other Loan Documents, unless otherwise defined), the following capitalized terms shall have the following meanings:

"Advance" means (i) any portion of the Loans advanced by Lender to or for the benefit of Borrower in accordance with this Agreement; (ii) any advance by Lender to protect the Project or the lien of the Loan Documents, including any Protective Advance; and (iii) any other advance by Lender required or permitted under this Agreement.

"Affiliate" means, with respect to any Person, (a) any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, (i) such Person or (ii) any general partner of such Person; (b) any other Person 5% or more of the equity interest of which is held beneficially or of record by (i) such Person or (ii) any general partner of such Person, and (c) any general or limited partner of (i) such Person or (ii) any general partner of such Person. As used in the previous sentence, "control" means the possession, directly or indirectly, of the power to cause the direction of the management of a Person, whether through voting securities, by contract, family relationship or otherwise.

"Approved Budget" means the line item budget for the Loan attached as Exhibit "C" to the Agreement as modified from time to time in accordance with the Agreement.

"Architect" means _____.

"Banking Day" means any Monday, Tuesday, Wednesday, Thursday or Friday on which Bondowner Representative is open and conducting its customary banking transactions in the State of California.

"Bond Documents" means, collectively, the Indenture, Regulatory Agreement, the Tax Certificate, the Deed of Trust Assignment, the UCC-1 and UCC-2 Financing Statements and any other document (other than the Loan Documents) now or hereafter executed by Borrower, Issuer, Trustee, Bondowner Representative and/or Holder in connection with the Bonds.

"Bondowner Representative Engineer" means any third-party engineering or consulting firm hired by Bondowner Representative to advise and assist Bondowner Representative in connection with the Project.

"Bonds" has the meaning given that term in Recital D.

"Borrower's Funds Account" means the account described in Section 3.3 of the Agreement.

"Borrower's Funds Account Agreement" means that certain Borrower's Funds Account and Security Agreement dated as of even date herewith, made by Borrower in favor of Issuer and Bondowner Representative.

"Borrower Party" means _____.

"Cash Equivalents" means and includes, on any day: (a) any evidence of debt issued by the United States government, or guaranteed as to the timely payment of principal and interest by the United States government, and maturing twelve (12) months or less after that day; (b) commercial paper issued by a corporation (other than a corporation in which Guarantor has a direct or indirect interest) organized under the laws of any state of the United States of America or of the District of Columbia, rated A-1 by Standard and Poor's Ratings Service or the equivalent rating by another nationally-recognized ratings service acceptable to Lender and having a stated maturity date nine (9) months or less after its issue date; (c) any certificate of deposit or banker's acceptance issued by a commercial bank that is a member of the Federal Reserve System and has a combined unimpaired capital and surplus and unimpaired undivided profits of not less than Five Hundred Million Dollars (\$500,000,000), and maturing not more than twelve (12) months after that day; and (d) any repurchase agreement (i) entered into with any Federal Reserve System member commercial bank of the size referred to in clause (c) above and (ii) secured by any obligation of the type described in any of clauses (a)-(c) above and (iii) having a market value on its date of at least one hundred percent (100%) of the repurchase obligation of that commercial bank.

"CC&Rs" means _____.

"Certificate of Compliance" means that certain Certificate of Compliance and Indemnification Agreement dated as of even date herewith and made by Borrower in favor of Issuer and Bondowner Representative.

"Change Orders" means changes in the Plans pursuant to the Agreement.

"City" means the City of Los Angeles.

"Conditions to Conversion" has the meaning given that term in Note A.

"Construction Contract" shall mean the Construction Contract for the Project approved by Bondowner Representative pursuant to Section 4.1.17 of the Agreement, as modified in accordance with this Agreement.

"Contingency Reserve" means the line item established in the Approved Budget to pay costs of the Project that are in excess of specific line items in the Approved Budget, whether as a result of price increases, changes in the Plans or otherwise.

"Contractor" means AMCAL General Contractors, Inc. or any other general contractor for the Project approved by Bondowner Representative from time to time.

"Conversion Date" has the meaning given that term in Note A.

"County" means the County of Los Angeles, California.

"Deed of Trust" means the deed of trust, made by Borrower, as trustor, in favor of Title Company, as trustee, for the benefit of Issuer, as beneficiary, securing the repayment of the Notes and encumbering the Property.

"Deed of Trust Assignment" means that certain Assignment of Deed of Trust and Related Documents, dated as of even date herewith, by Issuer in favor of Trustee.

"Default Rate" means a per annum interest rate that is equal to the rate of interest applicable under the Notes (the "Note Rate"), plus 5.00% (not to exceed the "Maximum Rate" (as defined in the Indenture)).

"Designated Representative" means the Person authorized by Borrower from time to time, with the approval of Bondowner Representative (not to be unreasonably withheld), to deliver certificates, Requisitions and other documents on behalf of Borrower to Issuer pursuant to the Loan Documents.

"Disbursements" means disbursements by Trustee and/or Bondowner Representative of (a) Loan funds, and (b) funds on deposit from time to time in the Borrower's Funds Account.

"Equity Commitment" means the commitment of Investor Limited Partner under the Partnership Agreement to make \$_____ of capital contributions to the capital of the Partnership.

"Equity Construction Deposits" means the capital contributions shown on the schedule attached to the Agreement as Exhibit "G".

"Event of Default" means any event so designated in the Agreement.

"Fees" means the fees due and payable to Bondowner Representative pursuant to Section 2.2 and any other fees now or hereafter due and payable by Borrower in accordance with any or all of the Loan Documents.

"Financing Statements" means, collectively, each UCC-1 financing statement required pursuant to the Agreement.

"Fiscal Year" means Borrower's fiscal year, ending on December 31st of each calendar year.

"GAAP" means generally accepted accounting principles consistently applied and maintained throughout the period indicated and consistent with the audited financial statements delivered to Lender pursuant to Article 8. Whenever any accounting term is used herein and is not otherwise defined, it shall be interpreted in accordance with GAAP.

"General Partner" means _____, a California nonprofit public benefit corporation, and each other Person who now or hereafter owns a general partnership interest in Borrower.

"Governmental Agency" means any governmental or quasi-governmental agency, board, bureau, commission, department, court, administrative tribunal or other instrumentality or authority, and any public utility.

"Ground Lease" means that certain [Ground Lease] dated as of _____, 2013, executed by Borrower, as lessee, and Ground Lessor, as ground lessor.

"Ground Lessor" means the City of Los Angeles, a municipal corporation, duly organized and validly existing under the State of California.

"Guaranties" means, collectively, (i) that certain Completion and Repayment Guaranty dated as of even date herewith executed by Guarantor required pursuant to this Agreement and (ii) any guaranty pursuant to which any Person now or hereafter partially or fully guarantees the payment or performance of any indebtedness or other obligation to Issuer and/or Bondowner Representative under any Loan Document.

"Guarantor" means, collectively, AMCAL Multi-Housing, Inc., a California corporation, AMCAL Enterprises, Inc., a California corporation, and AMCAL General Contractors, Inc., a California corporation, and any Person who now or hereafter partially or fully guarantees the payment or performance of any indebtedness or other obligation to Issuer under any Loan Document.

"Guarantor Compliance Certificate" means the form to be provided periodically by the Guarantor attached as Exhibit "J";

"Guarantor Subsidiaries" means each Subsidiary owned directly by Guarantor.

"Hazardous Materials" means flammable materials, explosives, radioactive materials, hazardous wastes, toxic substances and similar substances and materials, including all substances and materials defined as hazardous or toxic wastes, substances or materials under any applicable Law, including without limitation the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601, et seq., as amended.

"Hazardous Materials Agreement" means that certain Unsecured Environmental Indemnity of even date herewith executed by and among Borrower, Guarantor, Issuer and Bondowner Representative.

"HCD" means the State of California Department of Housing and Community Development.

"Holder" means, collectively, (a) U.S. Bank National Association as the initial holder of the Bonds, and its successors and assigns, and (b) any subsequent holder of the Bonds.

"Improvements" means all improvements and fixtures now or hereafter comprising any portion of the Property.

"Infill Grant Commitment" means that certain commitment letter dated _____ issued by HCD to the Borrower.

"Infill Grant Estoppel Agreement" means that certain estoppel certificate executed by HCD in favor of Lender with respect to the Infill Grant Commitment.

"Infill Grant Loan" means that certain permanent loan to be made by HCD to Borrower in the principal amount of \$1,894,280.

"Infill Grant Loan Documents" means the loan agreement, promissory note, deed of trust, security agreement, financing statements, regulatory agreement and other documents, instruments and agreements evidencing, securing or otherwise relating to the MHP Loan.

"Intercreditor Agreement" has the meaning set forth in Section 4.1.22.

"Investor Limited Partner" means [Enterprise _____] a _____ limited liability company or any successor investor limited partner of the Borrower admitted under the terms of the Partnership Agreement and constituting a Permitted Transfer under the Deed of Trust.

"Issuance Date" means the date upon which the Bonds are issued.

"LAHD" means the City of Los Angeles Housing Department.

"LAHD Deed of Trust" has the meaning set forth in Section 4.1.22.

"LAHD Loan" has the meaning set forth in Section 4.1.22.

"LAHD Note" has the meaning set forth in Section 4.1.22.

"LAHD Loan Documents" has the meaning set forth in Section 4.1.22.

"LAHD Regulatory Agreement" has the meaning set forth in Section 4.1.22.

"LAHD Subordination Agreement" means the Subordination Agreement executed by LAHD and Borrower in favor of Lender, subordinating all of the LAHD Loan Documents to the Deed of Trust.

"Laws" means all statutes, laws, ordinances, regulations, orders, writs, judgments, injunctions, decrees or awards of the United States or any state, county, municipality or other Governmental Agency.

"Lender" shall initially mean Issuer, but shall, upon the execution of the Indenture, thereafter mean U.S. Bank National Association and its successors and assigns AS "Bondowner Representative" under this Agreement.

"LIBOR Breakage Costs" means any loss or expense which Lender sustains or incurs as a consequence of (i) any prepayment (whether voluntary, involuntary or required pursuant to the terms hereof) of any Loan on a day that is not a Reprice Date (as defined in Note A) or (ii) the

conversion (for any reason whatsoever, whether voluntary or involuntary) of the interest rate from a LIBOR Note Rate (as defined in Note A) to an alternate index selected by Lender as more particularly set forth in Section 2.2(a) of Note A with respect to the outstanding principal balance of such Loan on a date other than a Reprice Date (as defined in Note A), all including, without limitation, such loss or expenses arising from interest or fees payable by Lender to lenders of funds obtained by it in order to maintain a LIBOR Based Rate Loan hereunder.

“Liquidity” means, as of any date of calculation, with respect to any Guarantor, such Guarantor’s unrestricted cash and Cash Equivalents as of such date (including unrestricted cash and Cash Equivalents of Guarantor Subsidiaries, but only to the extent the unrestricted cash and Cash Equivalents of such Guarantor Subsidiaries are included on a balance sheet for such Guarantor which is prepared in accordance with GAAP (or another accounting basis reasonably acceptable to Lender), plus the aggregate availability as of such date under any committed financing made available to Guarantor.

“Limited Partners” means, collectively, Investor Limited Partner, Special Limited Partner and any other Person that now or hereafter owns a limited partnership interest in Borrower.

“Limited Recourse Obligation” means an obligation that is a non-recourse obligation of Borrower, subject only to the Non-Recourse Carveouts.

“Loan” means the loan to be made by Issuer to Borrower pursuant to the Agreement.

“Loan Documents” means, collectively, the Agreement, the Notes, the documents (other than Bond Documents) set forth in Exhibit “F” and any other agreement, document or instrument that Issuer and/or Bondowner Representative requires in connection with the execution of the Agreement or from time to time to effectuate the purposes of the Agreement.

“Memorandum of Ground Lease” means that certain Memorandum of Ground Lease between Borrower and Ground Lessor, evidencing the Ground Lease, to be recorded in the Official Records substantially concurrently with the Deed of Trust.

“Net Worth” means, for any Person, as of any measurement date, the total assets of such Person as of such date minus the total liabilities of such Person as of such date, as such amounts are determined in accordance with GAAP.

“Note A” means that certain promissory note of even date herewith in the original principal amount of \$_____, executed by Borrower in favor of Issuer to evidence the obligation of Borrower to repay a portion of the Loan.

“Note B” means that certain promissory note of even date herewith in the original principal amount of \$_____, executed by Borrower in favor of Issuer to evidence the obligation of Borrower to repay a portion of the Loan.

“Note C” means that certain promissory note of even date herewith in the original principal amount of \$_____, executed by Borrower in favor of Issuer to evidence the obligation of Borrower to repay a portion of the Loan.

"Notes" means, collectively, Note A, Note B and Note C, each as amended, modified and supplemented from time to time.

"Obligations" means collectively: (i) Borrower's obligations for the payment of the Loans, interest and other charges, and all Fees; (ii) the performance of all other obligations of Borrower contained herein; (iii) the payment and performance of each and every obligation of Borrower and each Guarantor contained in any other Loan Document; and (iv) the performance of each and every obligation of Borrower and each Guarantor contained in any renewal, extension, amendment, modification, consolidation, change of, or substitution or replacement for, all or any part hereof, the Notes or any other Loan Document.

"Offsite Materials" means all materials to be incorporated into the Project which are not stored on the Property.

"Operating Expenses Reserve" means the reserve established under the Operating Reserve and Agreement.

"Operating Reserve and Agreement" means that certain Operating Reserve and Security Agreement dated as of even date herewith, made by Borrower in favor of Issuer and Bondowner Representative.

"Partner" means any General Partner or Limited Partner.

"Partnership Agreement" means that certain Amended and Restated Limited Partnership Agreement of Borrower dated as of _____, 2013, by and among the General Partner, Investor Limited Partner, and Special Limited Partner.

"Party" means any Person (other than Issuer, Trustee or Bondowner Representative) who is a party or signatory to any Loan Document.

"Permitted Encumbrances" means, collectively, all matters listed on Exhibit "D" to the Agreement as permitted title insurance exceptions.

"Permitted Liens" means, collectively, all liens on the Personal Property approved by Bondowner Representative in writing.

"Permitted Transfer" means any transfer of, or encumbrance upon, the Property expressly permitted pursuant to Section 3.9 of the Deed of Trust.

"Person" means any entity, whether an individual, trustee, corporation, partnership, limited liability company, trust, unincorporated organization, Governmental Agency or otherwise.

"Personal Property" means all of Borrower's right, title and interest, whether now existing or hereafter acquired, in and to all furniture, furnishings, fixtures, machinery, equipment, inventory and other personal property of every kind, tangible and intangible, now or hereafter (i) located on or about the Property, (ii) used or to be used in connection with the Property, or (iii) relating or arising with respect to the Property.

"Plans" means the plans and specifications for the Project approved by Lender pursuant to Section 4.1 and 4.2 of the Agreement.

"Preliminary Reservation" means that certain preliminary reservation letter issued by the California Tax Credit Allocation Committee with respect to the Project.

"Project" means the construction of the Improvements on the Property in accordance with the Plans and all applicable Laws.

"Project Agreements" means, collectively, all agreements entered into by Borrower with Persons other than Issuer, Trustee or Bondowner Representative in connection with the Project.

"Project Costs" means all costs of any nature incurred in connection with the Project.

"Project Financing Statements" means the Financing Statements described in paragraph 1 of Exhibit "F".

"Property" means all of Borrower's right, title and interest, whether now existing or hereafter acquired, in and to the real property described in Exhibit "A" to the Agreement together with all easements and other rights now or hereafter made appurtenant thereto, all improvements and fixtures now or hereafter located thereon, and all additions and accretions thereto.

"Protective Advance" means all necessary costs and expenses (including attorneys' fees and disbursements) incurred by Lender (a) in order to remedy an Event of Default under the Loan Documents, which Event of Default, by its nature, may impair any portion of the collateral for the Loans or the value of said collateral, interfere with the enforceability or enforcement of the Loan Documents, or otherwise materially impair the payment of the Loans or the performance of other Obligations (including, without limitation, the costs of unpaid insurance premiums, foreclosure costs, costs of collection, costs incurred in bankruptcy proceedings and other costs incurred in enforcing any of the Loan Documents); or (b) in respect of the operation of the Project following a foreclosure under the Deed of Trust.

"Regulatory Agreement" means that certain Regulatory Agreement and Declaration of Restrictive Covenants dated as of even date herewith, among Issuer, Borrower and Trustee.

"Replacement Reserve Agreement" means that certain Replacement Reserve and Security Agreement dated as of even date herewith, made by Borrower in favor of Issuer and Bondowner Representative.

"Requisitions" means requests by Borrower for Disbursements in accordance with the Agreement.

"Reserves" means the Interest Reserve, Contingency Reserve, Operating Expenses Reserve and the Replacement Reserve (as defined in the Replacement Reserve Agreement), Contingency Holdback Reserve and any other reserves required by Lender under this Agreement.

"Secretary of State" means the Secretary of State of the State of California.

"Security Documents" means, collectively, the Deed of Trust, the Replacement Reserve Agreement, the Operating Reserve Agreement, the Borrower's Funds Account Agreement, the Project Financing Statements and any other mortgage, deed of trust, security agreement or assignment now, heretofore or hereafter executed to secure the obligations of Borrower or Guarantor to Issuer, Trustee and/or Bondowner Representative under any Loan Document.

"Special Limited Partner" means _____, a _____ and its successors and assigns.

"Subordinate Lender" means, collectively, LAHD and HCD.

"Subordinate Loan" means, collectively, the LAHD Loan and the Infill Grant Loan.

"Subordinate Loan Documents" means, collectively, the LAHD Loan Documents and the Infill Grant Loan Documents.

"Tax Certificate" means that certain Tax Certificate as to Arbitrage and the Provisions of Section 103 and 141-150 of the Internal Revenue Code of 1986 dated as of the date the Bonds are initially issued, relating to the Bonds.

"Termination Date" has the meaning given that term in Note A.

"Title Company" means Lawyers Title Insurance Company.

"Title Policy" means the ALTA Issuer's policy of title insurance required pursuant to the Agreement.

2. Singular and Plural Terms. Any defined term used in the plural in any Loan Document shall refer to all members of the relevant class and any defined term used in the singular shall refer to any number of the members of the relevant class.

3. Accounting Principles. Any accounting term used and not specifically defined in any Loan Document shall be construed in conformity with, and all financial data required to be submitted under any Loan Document shall be prepared in conformity with, generally accepted accounting principles ("GAAP") applied on a consistent basis or in accordance with such other principles or methods as are reasonably acceptable to Bondowner Representative.

4. References and Other Terms. Any reference to any Loan Document or other document shall include such document both as originally executed and as it may from time to time be modified. References herein to Articles, Sections and Exhibits shall be construed as references to the Agreement unless a different document is named. References to subparagraphs shall be construed as references to the same Section in which the reference appears. The term "document" is used in its broadest sense and encompasses agreements, certificates, opinions, consents, instruments and other written material of every kind. The terms "including" and "include" mean "including (include) without limitation."

EXHIBIT "C"
APPROVED BUDGET

EXHIBIT "D"

PERMITTED ENCUMBRANCES

1. Real property taxes and assessments, a lien not yet delinquent.
2. Exception Nos. ____ (Second Installment only), ____ (provided it is modified to add "which arise solely as a result of transfer of ownership or commencement of construction occurring on or after the date of the Policy"), and ____ through ____ of the PTR.
3. Regulatory Agreement.

EXHIBIT "E"

PROJECT FUND

Date: _____, 20__

REQUISITION CERTIFICATE

TO: WELLS FARGO BANK NATIONAL ASSOCIATION, AS TRUSTEE (THE "TRUSTEE") UNDER THE INDENTURE OF TRUST DATED AS OF _____, (THE "INDENTURE") BY AND AMONG THE CITY OF LOS ANGELES, THE TRUSTEE, AND U.S. BANK NATIONAL ASSOCIATION, AS BONDOWNER REPRESENTATIVE.

AMCAL Broadway Fund, L.P., a California limited partnership (the "Borrower"), hereby requests that the following amounts be advanced on the Loan from the specified account of the Project Fund for payment to the following payees for the following purposes:

	Amount	Payee and Payment Instructions	Purpose
Bond Proceeds	\$ _____		
Account:			
Equity Account:	_____		
TOTAL	\$ _____		

The Borrower hereby certifies that:

1. (a) obligations in the stated amounts have been incurred and performed at the Project and are presently due and payable and that each item thereof is a proper charge against the above-specified account of the Project Fund and has not been the subject of a previous withdrawal from the Project Fund;

2. (b) to the best of the undersigned's knowledge there has not been filed with or served upon the Issuer or the Borrower notice of any lien, right or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of, the respective amounts stated in such requisition which has not been released or will not be released simultaneously with the payment of such obligation;

3. (c)(i) obligations as stated on the requisition have been properly incurred, (ii) such work was actually performed or such materials or supplies were actually furnished or installed in or about the Project, (iii) if contested, bond has been made by the Borrower, (iv) either such materials or supplies are not subject to any lien or security interest or any such lien or security interest will be released or discharged upon payment of the requisition, and (v) the Project is being constructed in accordance with the Scope of Work (defined in the Loan Agreement), and all applicable government

requirements, and work has progressed to the point indicated on the requests for payment listed above;

4. (d) all rights, title and interest to any and all personal property acquired with the proceeds of the requisition is vested in the Borrower;

5. (e) the Borrower is in compliance with all of the Borrower's covenants contained in the Loan Agreement and the Regulatory Agreement and there are no Events of Default in either the Loan Agreement or Regulatory Agreement which remain uncured or which would constitute an Event of Default with the giving of notice and passage of time under either document;

6. (f) such disbursement when added to all other disbursements made to date results in at least 95% of the proceeds of the Bonds, including investment earnings, having been used for Qualified Project Costs;

7. (g) all labor costs reimbursed with the proceeds of this requisition have been paid at the greater of: (i) the general prevailing rate of per diem wages as determined pursuant to California Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations, (ii) any applicable minimum wage requirements imposed by the laws of the State of California and (iii) the "Living Wage" as determined by the policies and procedures of the City of Los Angeles.

8. (h) all representations and warranties of the Borrower contained in the Loan Agreement are on the date hereof true and accurate; and

9. (i) all changes in the Scope of Work, if any, have been made in accordance with the Loan Agreement.

Any terms not herein defined shall have the meaning given those terms in the Indenture.

[Signature page to follow]

Requested this ____ day of _____, 20__.

AMCAL BROADWAY FUND, L.P.,
a California limited partnership

By: _____,
a California nonprofit public benefit corporation
its General Partner

By: _____
Name: _____
Title: _____

Consented to this __ day of _____, 20__

U.S. BANK NATIONAL ASSOCIATION,
a national banking association

By _____
Waheed Karim
Vice President

Consented to this __ day of _____, 20__.

See Section 5.02 of Indenture for City of Los Angeles approval provisions.

(Check box if City of Los Angeles approval is deemed received following the 5th Business Day
following delivery of this requisition certificate) ☐

CITY OF LOS ANGELES, as Issuer

By _____
Authorized Officer

TO: All Interested Parties

FROM: _____

Borrower: **AMCAL Broadway Fund, L.P.**

Property Address: _____

☐ APPROVAL of Disbursement / Change Order No. _____

☐ DISAPPROVAL of Disbursement / Change Order No. ____ for the following reasons:

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

BY: _____

Name: _____

Title: _____

Date: _____

EXHIBIT "F"

LOAN DOCUMENTS

The instruments and documents required to be executed, acknowledged (if necessary for recording) and delivered to Issuer and Bondowner Representative, in each case in form and content satisfactory to Issuer and Bondowner Representative, are as follows:

1. Documents to be executed by Borrower:

- (a) this Agreement;
- (b) the Notes;
- (c) the Deed of Trust;
- (d) the Security Agreement (Assignment of Partnership Interests);
- (e) the Replacement Reserve Agreement;
- (f) the Operating Expenses Reserve and Security Agreement;
- (g) the Borrower's Funds Account Agreement;
- (h) the Hazardous Materials Agreement;
- (i) the Project Financing Statements;
- (j) the Assignment of Contractor's Contract;
- (k) the Assignment of Architect's Contract and Plans and Specifications;
- (l) the Assignment and Subordination of Management Agreement;
- (m) the Assignment of AHAP;
- (n) LAHD Subordination Agreement;
- (o) Infill Grant Subordination Agreement;
- (p) Intercreditor Agreement; and
- (q) Regulatory Agreement.

2. Documents to be executed by Guarantor:

- (a) Guaranty executed by Guarantor;

- (b) Hazardous Materials Agreement executed by Guarantor.
3. Other documents to be executed by third parties:
- (a) Consent to Assignment of Contractor's Contract ("Contractor's Consent"), executed by Contractor;
 - (b) Consent to Assignment of Architect's Contract ("Architect's Consent"; together with Contractor's Consent, the "Project Consents"), executed by Architect;
 - (c) Assignment of Subordination and Management Agreement executed by Manager;
 - (d) Consent to Assignment of AHAP executed by Contract Administrator;
 - (e) Security Agreement (Assignment of Partnership Interests) executed by General Partner;
 - (f) LAHD Subordination Agreement and Intercreditor Agreement, each executed by LAHD;
 - (g) Infill Grant Subordination Agreement; and
 - (h) Landlord Estoppel executed by Ground Lessor.
4. Formation and authorization-related documents:
- (a) a partnership borrowing authorization pursuant to which the General Partner authorizes the execution, delivery and performance of the Loan Documents;
 - (b) copies of Borrower's limited partnership agreement, the certificate of limited partnership that has been recorded, the certificate of limited partnership that has been filed with the Secretary of State, the limited liability company agreement and applicable statement or certificates of formation or articles and by-laws of any General Partner that is a limited liability company or corporation, and all modifications to any of them, all certified to be true and complete by each General Partner;
 - (c) a certificate of all of the partners of any partnership that is a General Partner, a certificate of all of the members of any limited liability company that is a general partner, and a certified copy of a corporate resolution of any corporation that is a General Partner, in each case authorizing such partnership, limited liability company or corporation to serve as a General Partner and to sign the Loan Documents as a General Partner;

- (d) a certificate of the secretary or an assistant secretary of any corporation that is a General Partner with respect to the incumbency of the officers who sign the Loan Documents;
5. Other documents:
- (a) all financial statements of Borrower, each General Partner and Guarantor (i) required by Issuer or Bondowner Representative or (ii) necessary to provide Issuer and Bondowner Representative with a true and complete knowledge of the financial condition of Borrower, each General Partner and Guarantor;
 - (b) a certified copy of any recorded parcel map applicable to the Property;
 - (c) true and complete copies of all leases, contracts and other agreements which grant rights to, and/or impose obligations on, Borrower in connection with the Property, and an estoppel certificate (containing subordination provisions, if Issuer or Bondowner Representative so requires) from each tenant, subtenant and other contracting party with respect to the status of its lease or contract, defaults, and all other matters that Issuer or Bondowner Representative reasonably requires;
 - (d) all other documents reasonably required by Issuer or Bondowner Representative.

EXHIBIT "G"

SCHEDULE OF REQUIRED EQUITY CONTRIBUTION DEPOSITS

INSTALLMENT	DATE OF DEPOSIT	AMOUNT OF DEPOSIT
1st Installment	Closing Date	\$ _____
2nd Installment	100% Completion as determined by Section 6.1 hereof	\$ _____
3rd Installment	Conversion Date	\$ _____
4th Installment	Receipt by Borrower of IRS Form 8609	\$ _____
TOTAL		\$ _____

*Note: As between the Borrower and Limited Partner (and not between Lender and Borrower), these amounts are subject to adjustment in accordance with the Partnership Agreement.

EXHIBIT "H"
FORM OF SB LETTER OF CREDIT

H-1

EXHIBIT "T"

COMMERCIAL REAL ESTATE STANDARD INSURANCE REQUIREMENTS

I. PROPERTY INSURANCE

A. DURING CONSTRUCTION

An ORIGINAL (or certified copy) Builder's All-Risk, Completed Value, Non-Reporting Form Policy or Acord 28 Certificate of Insurance naming the borrowing entity as an insured, reflecting coverage of 100% of the replacement cost, and written by a carrier approved by Lender with a current A.M. Best's Insurance Guide Rating of at least A- IX (which is authorized to do business in the state in which the property is located) that affirmatively includes the following:

1. Mortgagee Clause naming both Wells Fargo Bank National Association, as trustee, and U.S. Bank National Association, as Bondowner Representative, as Mortgagee ISAA ATIMA, with a 30-day notice to Lender in the event of cancellation, non-renewal or material change; OR
2. Lender's Loss Payable Endorsement (ISO 1218 or similar) with a 30-day notice to Lender in the event of cancellation, non-renewal or material change
3. Replacement Cost Endorsement
4. No Exclusion for Acts of Terrorism (United States Certified Acts of Terrorism coverage – TRIPRA)
5. No Coinsurance Clause
6. Flood Insurance
7. Coastal and Other Wind Coverage
8. Collapse and Earthquake Coverage
9. Vandalism and Malicious Mischief Coverage
10. Boiler and Machinery Coverage (aka Electrical and Mechanical Breakdown)
11. Demolition, Increased Cost of Construction Coverage
12. In-Transit Coverage

13. Partial Occupancy Permitted
14. Borrower's coverage is primary and non-contributory with any insurance or self-insurance carried by U.S. Bank National Association
15. Waiver of Subrogation against any party whose interest are covered in the policy
16. Delay in Completion or Delay in Rents/Startup Coverage
17. Coverage to be effective upon the date of the Notice to Proceed, the date of site mobilization or the start of any shipment of materials, machinery or equipment to the site, whichever is earlier, and to remain in effect until replaced by permanent All Risk Property Insurance described below, or until such other time as may be mutually agreed upon by U.S. Bank National Association and Borrower.
18. Coverage shall be non-cancellable through term of project with automatic extension provision of at least 60 days.

B. UPON COMPLETION

An ORIGINAL (or certified copy) All-Risk Hazard Insurance Policy or Acord 28 Certificate of Insurance naming the borrowing entity as an insured, reflecting coverage of 100% of the replacement cost, and written by a carrier approved by Lender with a current A.M. Best's Insurance Guide Rating of at least A-IX (which is authorized to do business in the state in which the property is located) that affirmatively includes the following:

1. Mortgagee Clause naming both Wells Fargo Bank National Association, as trustee, and U.S. Bank National Association, as Bondowner Representative, as Mortgagee ISAA ATIMA with a 30-day notice to Lender in the event of cancellation, non-renewal or material change; OR
2. Lender's Loss Payable Endorsement (ISO 1218 or similar) with a 30-day notice to Lender in the event of cancellation, non-renewal or material change
3. Replacement Cost Endorsement
4. No Exclusion for Acts of Terrorism (United States Certified Acts of Terrorism coverage – TRIPRA)
5. No Coinsurance Clause
6. Boiler and Machinery Coverage (aka Electrical and Mechanical Breakdown)

7. Sprinkler Leakage Coverage
8. Vandalism and Malicious Mischief Coverage
9. Flood Insurance
10. Loss of Rents Insurance in an amount of not less than 100% of one year's Rental Value of the Project. "Rental Value" shall include:
 - a) The total projected gross rental income from tenant occupancy of the Project as set forth in the Budget,
 - b) The amount of all charges which are the legal obligation of tenants and which would otherwise be the obligation of Borrower, and
 - c) The fair rental value of any portion of the Project which is occupied by Borrower.
11. One year's business interruption insurance in an amount acceptable to Lender.
12. Collapse and Earthquake Coverage
13. Coastal & Other Wind Coverage
14. Extra Expense Coverage
15. Borrower's coverage is primary and non-contributory with any insurance or self-insurance carried by U.S. Bank National Association
16. Waiver of Subrogation against any party whose interest are covered in the policy
17. Demolition and Increased Cost of Construction

II. LIABILITY INSURANCE

An ORIGINAL Acord 25 Certificate of Liability Insurance naming the borrowing entity as an insured, providing coverage on an "occurrence" rather than a "claims made" basis and written by a carrier approved by the Lender, with a current A.M. Best's Insurance Guide Rating of at least A- IX. (which is authorized to do business in the state in which the property is located) that affirmatively includes the following:

1. Combined general liability policy limit of at least \$5,000,000.00 each occurrence and aggregate applying liability for Bodily Injury, Personal Injury, Property Damage, Contractual, Products and Completed Operations which combined limit may be satisfied by the limit afforded under the Commercial General Liability Policy, or by such Policy in

combination with the limits afforded by an Umbrella or Excess Liability Policy (or policies); provided, the coverage afforded under any such Umbrella or Excess Liability Policy is at least as broad in all material respects as that afforded by the underlying Commercial General Liability Policy. Such policies must contain a Separations of Insureds / Severability of Interest clause.

2. No Exclusion for Acts of Terrorism (United States Certified Acts of Terrorism coverage – TRIPRA)
3. Aggregate limit to apply per location
4. Borrower's coverage is primary and non-contributory with any insurance or self-insurance carried by U.S. Bank National Association
5. Waiver of Subrogation against any party whose interest are covered in the policy
6. Additional Insured Endorsement naming U.S. Bank National Association as an additional insured with a 30-day notice to Lender in the event of cancellation, non-renewal or material change. A Severability of Interests provision should be included.

III. GENERAL REQUIREMENTS

1. All policies of insurance required herein must contain an endorsement or agreement by the insurer that any loss will be payable in accordance with the terms of such policy notwithstanding any act or negligence of Borrower or any party holding under Borrower which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of setoff, counterclaim or deductions against Borrower.
2. If Lender consents, Borrower may provide any of the required insurance through blanket policies carried by Borrower and covering more than one location, or by policies procured by a party holding under Borrower; provided, however, all such policies must be in form and substance and issued by companies reasonably satisfactory to Lender.

EXHIBIT "J"

GUARANTOR COMPLIANCE CERTIFICATE

Loan Amount: \$ _____
Revised for the Annual Period Ended _____
(the "Annual Date")

With reference to the Loan Agreement dated _____, 2013 ("Loan Agreement"), by and among AMCAL Broadway Fund, L.P., a California limited partnership ("Borrower"), City of Los Angeles ("Issuer") and U.S. Bank National Association ("Bondowner Representative") and, with respect to the Completion and Repayment Guaranty dated as of _____, 2013 ("Guaranty"), from AMCAL Enterprises, Inc., a California corporation, AMCAL Multi-Housing, Inc., a California corporation, and AMCAL General Contractors, Inc., a California corporation (collectively, "Guarantor") to Issuer and Bondowner Representative, Guarantor hereby certifies as follows (each capitalized term used herein having the same meaning given to it in the Loan Agreement unless otherwise specified):

a) As of the Annual Date, Guarantor's net aggregate Liquidity is: \$ _____. Minimum requirement per Loan Agreement: \$ _____. A true, correct and complete calculation of Guarantor's net Liquidity, as of the date of this Certificate, is attached hereto as Schedule 1.

b) As of the Annual Date, Guarantor's aggregate Net Worth is: \$ _____. Minimum requirement per Loan Agreement: \$ _____. A true, correct and complete calculation of Guarantor's Net Worth, as of the date of this Certificate, is attached hereto as Schedule 2.

c) As of the Annual Date, there exists no default or any condition, event or act which constitutes an Event of Default under the Guaranty.

Guarantor:

AMCAL MULTI-HOUSING, INC.,
a California corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

AMCAL ENTERPRISES, INC.,
a California corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

AMCAL GENERAL CONTRACTORS, INC.,
a California corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Schedule 1
Guarantor's Net Liquidity

Schedule 2
Guarantor's Net Worth

LOAN AGREEMENT

among

CITY OF LOS ANGELES
as Issuer

and

AMCAL BROADWAY FUND, L.P.,

as Borrower

and

U.S. BANK NATIONAL ASSOCIATION,
as Bondowner Representative

Dated as of _____

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"F" LOAN DOCUMENTS

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