

KUTAK ROCK LLP
09/12/13

FUNDING LOAN AGREEMENT

Among

CITIBANK, N.A.,
as Funding Lender

and

CITY OF LOS ANGELES,
as Governmental Lender

and

[FISCAL AGENT],
as Fiscal Agent

Dated as of October 1, 2013

Relating to:

**[\$_____]
City of Los Angeles
Multifamily Collateralized Revenue Notes
(Hollywoodland Apartments)
Series 2013N**

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1.	Definitions.....	2
Section 1.2.	Effect of Headings and Table of Contents.....	15
Section 1.3.	Date of Funding Loan Agreement.....	15
Section 1.4.	Designation of Time for Performance.....	15
Section 1.5.	Interpretation.....	15

ARTICLE II TERMS; GOVERNMENTAL LENDER NOTES

Section 2.1.	Terms.....	15
Section 2.2.	Form of Governmental Lender Notes.....	17
Section 2.3.	Execution and Delivery of Governmental Lender Notes.....	17
Section 2.4.	Participations; Sale and Assignment.....	17

ARTICLE III PREPAYMENT

Section 3.1.	Prepayment of the Governmental Lender Notes from Prepayment Under the Borrower Note.....	18
Section 3.2.	Notice of Prepayment.....	18

ARTICLE IV SECURITY

Section 4.1.	Security for the Funding Loan.....	19
Section 4.2.	Delivery of Security.....	20

ARTICLE V LIMITED LIABILITY

Section 5.1.	Source of Payment of Funding Loan and Other Obligations.....	21
Section 5.2.	Exempt from Individual Liability.....	21
Section 5.3.	Limited Obligation.....	22

ARTICLE VI CLOSING CONDITIONS; APPLICATION OF FUNDS

Section 6.1.	Conditions Precedent to Closing.....	23
--------------	--------------------------------------	----

ARTICLE VII FUNDS AND ACCOUNTS

Section 7.1.	Authorization to Create Funds and Accounts.....	24
Section 7.2.	Investment of Funds in General.....	24
Section 7.3.	Establishment of Funds; Initial Deposits.....	24
Section 7.4.	Governmental Lender Notes Fund; Deposits.....	25
Section 7.5.	Expense Fund.....	26
Section 7.6.	Closing Costs Fund.....	27

Section 7.7.	Project Fund	27
Section 7.8.	Deposits to and Disbursements from Governmental Lender Notes Fund; Payment of Governmental Lender Note Debt Service Charges	29
Section 7.9.	Investment of Special Funds and Rebate Fund	30
Section 7.10.	Moneys to be Held in Trust	30
Section 7.11.	Nonpresentment of Governmental Lender Notes	30
Section 7.12.	Repayment to the Borrower from the Governmental Lender Notes Fund	31
Section 7.13.	Rebate Fund	31
Section 7.14.	Valuation	33
Section 7.15.	Completion of the Project	33
Section 7.16.	Collateral Fund	33

ARTICLE VIII
REPRESENTATIONS AND COVENANTS

Section 8.1.	General Representations	34
Section 8.2.	No Encumbrance on Security	35
Section 8.3.	Repayment of Funding Loan	35
Section 8.4.	[Reserved]	35
Section 8.5.	Borrower Loan Agreement Performance	35
Section 8.6.	Maintenance of Records; Inspection of Records	35
Section 8.7.	Tax Covenants	36
Section 8.8.	Performance by the Borrower	37
Section 8.9.	Maintenance of Records	37

ARTICLE IX
DEFAULT; REMEDIES

Section 9.1.	Events of Default	37
Section 9.2.	Acceleration of Maturity; Rescission and Annulment	38
Section 9.3.	Additional Remedies; Funding Lender Enforcement	39
Section 9.4.	Application of Money Collected	40
Section 9.5.	Remedies Vested in Funding Lender and Fiscal Agent	41
Section 9.6.	Restoration of Positions	41
Section 9.7.	Rights and Remedies Cumulative	41
Section 9.8.	Delay or Omission Not Waiver	41
Section 9.9.	Waiver of Past Defaults	42
Section 9.10.	Remedies Under Borrower Loan Agreement or Borrower Note	42
Section 9.11.	Waiver of Appraisal and Other Laws	42
Section 9.12.	Suits to Protect the Security	42
Section 9.13.	Remedies Subject to Applicable Law	43
Section 9.14.	Pursuit of Remedies	43

ARTICLE X
AMENDMENT; AMENDMENT OF BORROWER LOAN AGREEMENT AND OTHER
DOCUMENTS

Section 10.1.	Amendment of Funding Loan Agreement	43
Section 10.2.	Amendments Require Funding Lender Consent	43

Section 10.3.	Consents and Opinions	43
---------------	-----------------------------	----

ARTICLE XI
THE FISCAL AGENT

Section 11.1.	Appointment of Fiscal Agent; Acceptance	44
Section 11.2.	Certain Duties and Responsibilities of Fiscal Agent	44
Section 11.3.	Notice of Defaults	45
Section 11.4.	Certain Rights of Fiscal Agent.....	45
Section 11.5.	Not Responsible for Recitals	46
Section 11.6.	May Hold Funding Loan.....	47
Section 11.7.	Moneys Held by Fiscal Agent.....	47
Section 11.8.	Compensation and Reimbursement	47
Section 11.9.	Fiscal Agent Required; Eligibility	48
Section 11.10.	Resignation and Removal; Appointment of Successor.....	48
Section 11.11.	Acceptance of Appointment by Successor	49
Section 11.12.	Merger, Conversion, Consolidation or Succession to Business	50
Section 11.13.	Appointment of Co-Fiscal Agent.....	50
Section 11.14.	No Recourse Against Officers or Employees of Fiscal Agent	51

ARTICLE XII
MISCELLANEOUS

Section 12.1.	Notices	51
Section 12.2.	Term of Funding Loan Agreement	54
Section 12.3.	Successors and Assigns.....	54
Section 12.4.	Legal Holidays	54
Section 12.5.	Governing Law	54
Section 12.6.	Invalidity, Illegality or Unenforceability of Provisions	54
Section 12.7.	Execution in Several Counterparts.....	54
Section 12.8.	Nonrecourse Obligation of the Borrower	54
Section 12.9.	Waiver of Trial by Jury.....	55
Section 12.10.	Electronic Transactions.....	55
Section 12.11.	Nondiscrimination and Affirmative Action	55
Section 12.12.	Business Tax Registration Certificate.....	56
Section 12.13.	Child Support Assignment Orders	56
Section 12.14.	Americans with Disabilities Act	56
Section 12.15.	FHA Federal Laws and Requirements Control.....	57
Section 12.16.	Reference Date.....	58
EXHIBIT A	FORM OF GOVERNMENTAL LENDER NOTE	
EXHIBIT B	[RESERVED]	
EXHIBIT C	FORM OF WRITTEN REQUISITION (PROJECT FUND)	
EXHIBIT D	FORM OF CLOSING COSTS REQUISITION (CLOSING COSTS FUND)	

FUNDING LOAN AGREEMENT

THIS FUNDING LOAN AGREEMENT, dated as of October 1, 2013 (this "Funding Loan Agreement"), is entered into by **CITIBANK, N.A.** (together with any successor hereunder, the "Funding Lender"), the **CITY OF LOS ANGELES**, a municipal corporation and charter city of the State of California (together with its successors and assigns, the "Governmental Lender"), and **[FISCAL AGENT]**, a national banking association, as fiscal agent (together with any successor fiscal agent hereunder, the "Fiscal Agent").

RECITALS

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 of the Health and Safety Code of the State of California (the "Act"), the Governmental Lender is empowered to issue its revenue bonds, notes or other evidences of indebtedness to finance the acquisition, rehabilitation, construction and development of multifamily rental housing for persons of low and moderate income at prices or rentals they can afford; and

WHEREAS, the Act and the Law authorize the Governmental Lender: (a) to make loans to provide financing for multifamily residential housing located within the jurisdiction of the Governmental Lender; (b) to issue its revenue bonds, notes or other evidence of indebtedness for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the incurrence of such indebtedness of the Governmental Lender; and (c) to pledge all or any part of the revenues and receipts to be received by the Governmental Lender from or in connection with such loans in order to secure the payment of the principal or prepayment amount of and interest on such bonds, debentures, notes or other evidence of indebtedness; and

WHEREAS, Steele Hollywoodland LP, a California limited partnership (together with its successors and assigns, the "Borrower"), has requested the Governmental Lender to enter into this Funding Loan Agreement under which the Funding Lender (i) will advance funds (the "Funding Loan") to or for the account of the Governmental Lender, and (ii) apply the proceeds of the Funding Loan to make a loan (the "Borrower Loan") to the Borrower to finance the acquisition, rehabilitation, construction and equipping of a scattered site multifamily rental housing development located at 1206-1222 N. Gower Street, 977 N. Wilton Place, 5155-5169 Marathon Street and 1438 Gordon Street, Los Angeles, California, known as Hollywoodland Apartments (collectively herein, the "Project"); and

WHEREAS, simultaneously with the execution and delivery of this Funding Loan Agreement, the Governmental Lender and the Borrower will enter into a Borrower Loan Agreement of even date herewith (as it may be supplemented or amended, the "Borrower Loan Agreement"), whereby the Borrower agrees to make loan payments to the Governmental Lender in an amount which, when added to other funds available under this Funding Loan Agreement, will be sufficient to enable the Governmental Lender to repay the Funding Loan and to pay all costs and expenses related thereto when due; and

WHEREAS, to evidence its payment obligations under the Borrower Loan Agreement, the Borrower will execute and deliver to the Governmental Lender its Multifamily Note (as it may be supplemented or amended, the "Borrower Note") made by the Borrower in favor of the Governmental Lender, as assigned to the Fiscal Agent to secure the performance by the Governmental Lender of its obligations under the Funding Loan; and

WHEREAS, the Governmental Lender has, pursuant to volume cap described in Section 146 of the Code, executed and delivered to the Funding Lender its Multifamily Collateralized Revenue Notes dated as of the Closing Date (the "Governmental Lender Notes"), under its private activity volume cap described in Section 146 of the Code, evidencing its limited obligation to make the payments due to the Funding Lender under the Funding Loan as provided in this Funding Loan Agreement, all things necessary to make the Funding Loan Agreement, the valid, binding and legal limited obligation of the Governmental Lender, have been done and performed and the execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Lender Notes, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, THIS FUNDING LOAN AGREEMENT WITNESSETH:

It is hereby covenanted and declared that (i) the Governmental Lender Notes are to be delivered to evidence the payment obligations of the Governmental Lender pursuant to this Funding Loan Agreement and (ii) the collateral subject to this Funding Loan Agreement is to be held and applied by the Fiscal Agent, subject to the covenants, conditions and trusts hereinafter set forth, and the Governmental Lender does hereby covenant and agree to and with the Governmental Lender and the Fiscal Agent, for the benefit (except as otherwise expressly provided herein) of the Funding Lender, as follows:

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

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

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Borrower Loan Agreement.

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

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

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

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

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

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

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

"Act" shall have the meaning assigned to such term in the recitals above.

"Additional Borrower Payments" shall have the meaning assigned to such term in the Borrower Loan Agreement.

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

"Authorized Amount" shall mean [\$_____], the original maximum principal amount of the Funding Loan under this Funding Loan Agreement.

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

"Authorized Borrower Representative" shall mean the person or persons designated in a certificate on file with the Fiscal Agent to act on behalf of the Borrower.

"Authorized FHA Lender Representative" shall mean the person designated to act on behalf of the FHA Lender.

"Authorized Denomination" shall mean \$5,000 principal amount and any integral multiple of \$1.00 in excess thereof.

“Authorized Governmental Lender Representative” shall mean the Mayor, the General Manager, any Interim General Manager, Assistant General Manager or Interim Assistant General Manager, Executive Officer or the Director or Acting Director—Major Projects Division of the Los Angeles Housing and Community Investment Department, and any other, officer or employee of the Governmental Lender designated to perform a specified act, to sign a specified document or to act generally on behalf of the Governmental Lender as evidenced by a written certificate furnished to the Funding Lender, the Fiscal Agent, the Servicer (if any) and the Borrower containing the specimen signature of such person and signed on behalf of the Governmental Lender by the Mayor, the General Manager, any Interim General Manager, any Assistant General Manager or Interim Assistant General Manager, Executive Officer or the Director or Acting Director—Major Projects Division of the Los Angeles Housing and Community Investment Department. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Governmental Lender Representative.

“Authorized FHA Lender Representative” shall mean the person designated to act on behalf of the FHA Lender.

“Available Moneys” shall mean, as of any date of determination, any of the following, as applicable:

- (a) the proceeds of the Governmental Lender Notes;
- (b) proceeds from advances on the FHA Insured Mortgage Loan or from the sale of GNMA Securities;
- (c) [reserved];
- (d) any other amounts, including the proceeds of refunding bonds, for which the Holder has received an opinion of counsel to the effect that the use of such amounts to make payments on the Governmental Lender Notes would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Governmental Lender or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;
- (e) the proceeds of any letter of credit; or
- (f) investment earnings derived from the investment of moneys described in (a), (b), (c), (d) or (e).

“Bankruptcy Code” shall mean Title 11 of the United States Code entitled “Bankruptcy,” as in effect now and in the future, or any successor statute.

“Bond Resolution” shall mean that resolution of the Los Angeles City Council dated [____], 2013 approving issuance of the Governmental Lender Notes.

“Borrower” shall mean Steele Hollywoodland LP, a California limited partnership, and its permitted successors and assigns.

“Borrower Controlling Entity” shall mean, if the Borrower is a partnership, any general partner or managing general partner of the Borrower, or if the Borrower is a limited liability company, the manager or managing member of the Borrower.

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

“Borrower Loan Agreement” shall mean the Borrower Loan Agreement, dated of even date herewith, between the Governmental Lender and the Borrower, as supplemented, amended or replaced from time to time in accordance with its terms.

“Borrower Loan Agreement Default” shall mean any event of default set forth in Section 7.1 of the Borrower Loan Agreement. A Borrower Loan Agreement Default shall exist if a Borrower Loan Agreement Default shall have occurred and be continuing beyond any applicable cure period.

“Borrower Loan Amount” shall mean the amount of [\$_____].

“Borrower Loan Documents” shall mean the Borrower Note, the Borrower Loan Agreement and the Funding Agreement made as of October 1, 2013 among the Borrower, FHA Lender and the Fiscal Agent.

“Borrower Loan Payment Cure Period” shall mean a period of four Business Days following any Borrower Loan Payment Date.

“Borrower Loan Payment Date” shall mean the fifth Business Day preceding each Governmental Lender Note Payment Date.

“Borrower Loan Payments” shall mean the amounts required to be paid by the Borrower in repayment of the Borrower Loan pursuant to the provisions of the Borrower Note and Section 4.1 of the Borrower Loan Agreement.

“Borrower Note” shall mean the Promissory Note of the Borrower, dated as of the Closing Date, in the form attached to the Borrower Loan Agreement as Exhibit A, in the original principal amount of [\$_____], evidencing the obligation of the Borrower to make Borrower Loan Payments.

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

“CLC” shall mean the GNMA construction loan certificate issued monthly during the Project’s construction phase.

“Closing Costs Fund” shall mean the fund of that name established under Section 7.3(a) hereof.

“Closing Date” shall mean [____], 2013, the date that the Funding Loan is funded by the Funding Lender against delivery of the Governmental Lender Notes by the Governmental Lender.

“Code” shall mean the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Collateral Fund” shall mean the Collateral Fund created pursuant to Section 7.3 of this Funding Loan Agreement and funded pursuant to Sections 7.7 and 7.16 hereof.

“Completion Date” shall mean the date of substantial completion of the Project evidenced in accordance with the requirements of Section 3.6 of the Borrower Loan Agreement.

“Construction Period” shall mean the period from the Closing Date until the Completion Date as defined in the Regulatory Agreement.

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

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

“Depository” shall mean, with respect to the Governmental Lender Notes, DTC, unless and until there shall be a successor Depository appointed pursuant to the applicable provisions of this Funding Loan Agreement, and thereafter, “Depository” shall mean and refer to such successor Depository. Any Depository shall be a securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership of book entry interests in the Governmental Lender Notes or Governmental Lender Note Debt Service Charges thereon, and to effect transfers of book entry interests in the Governmental Lender Notes.

“Determination of Taxability” shall mean written notice to the Borrower of (i) failure to make any amendment to the Funding Loan Agreement, the Regulatory Agreement, the Borrower Loan Agreement or the Tax Certificate or to take any other action that, in the written opinion of Tax Counsel, is necessary to preserve the exclusion for purposes of federal income taxation from gross income of interest on the Governmental Lender Notes, other than interest paid to a holder who is a “substantial user” of the Project or a “related person” (as such terms are defined in Section 147(a) of the Code), or (ii) a final judgment or order of a court of competent jurisdiction, or a final ruling or decision of the Internal Revenue Service, in either case to the effect that the interest on the Governmental Lender Notes is includable for Federal income tax purposes in the

gross incomes of the recipients thereof. A judgment or order of a court of competent jurisdiction 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 is pending) and the time for filing such appeal or action has expired.

“Disbursement Request” shall have the meaning set forth in Section 7.7(a) hereof.

“DTC” shall mean The Depository Trust Company (a limited purpose trust company), New York, New York, and its successors or assigns.

“DTC Participant” shall mean any participant contracting with DTC under its book entry system and includes securities brokers and dealers, banks and trust companies and clearing corporations.

“Expense Fund” shall mean the Expense Fund created pursuant to Section 7.3 of this Funding Loan Agreement and funded pursuant to Section 7.5 hereof.

“Event of Default” shall have the meaning ascribed thereto in Section 9.1 hereof.

“FHA” shall mean the Federal Housing Administration.

“FHA Insurance Commitment” shall mean the commitment for insurance of advances issued by the Federal Housing Commissioner of HUD with respect to the Project, dated [____], 2013.

“FHA Insurance Regulations” shall mean the FHA Regulations promulgated under the National Housing Act.

“FHA Insured Mortgage Loan” shall mean the mortgage loan in the original principal amount of \$[11,348,000] to be advanced by the FHA Lender to the Borrower and insured by FHA under Section 221(d)(4) of the National Housing Act, as amended.

“FHA Lender” shall mean PNC Bank, N.A., as Lender on the FHA Insured Mortgage Loan.

“FHA Loan Documents” shall mean the documents related to the FHA Insured Mortgage Loan, including the FHA Insurance Commitment, the FHA Note, the FHA Mortgage, the HUD Regulatory Agreement and any and all other documents, agreements, or instruments which evidence or secure the indebtedness evidenced by the FHA Note.

“FHA Mortgage” shall mean the first-lien priority Multifamily Deed of Trust, Assignment of Leases and Rents, and Security Agreement dated as of October 1, 2013 from Borrower for the benefit of FHA Lender to secure the repayment of the FHA Note.

“FHA Note” shall mean the \$[11,348,000] FHA-Insured Note (Multistate) dated as of October 1, 2013 from Borrower to FHA Lender to evidence its indebtedness under the FHA Insured Mortgage Loan.

"Fiscal Agent" shall mean [FISCAL AGENT], as fiscal agent hereunder, and any successor fiscal agent or co-fiscal agent appointed under this Funding Loan Agreement.

"Fiscal Agent's Fees" shall mean the ongoing compensation and expenses payable to the Fiscal Agent as follows:

(a) the annual administration fees of the Fiscal Agent, for the ordinary services of the Fiscal Agent rendered under this Funding Loan Agreement during each twelve-month period and shall be equal to 0.[]% of the outstanding principal amount of the Governmental Lender Notes, with an annual minimum fee of \$[], payable [annually] in [arrears] on each [] 1 commencing [] 1, 2014;

(b) the reasonable fees and charges of the Fiscal Agent for necessary extraordinary services rendered by it and/or reimbursement for extraordinary expenses incurred by it under this Funding Loan Agreement as and when the same become due, including reasonable fees and expenses of legal counsel and internal default administrators (including fees prior to litigation, at trial or for appellate proceedings); provided, however, that the Fiscal Agent shall not be required to undertake any such extraordinary services unless provision for payment of extraordinary expenses satisfactory to the Fiscal Agent shall have been made; and

(c) for purposes of the Borrower Loan Agreement, indemnification of the Fiscal Agent by the Borrower.

"Fiscal Year" shall mean, with respect to a Person, that period beginning on January 1 of each year and ending on December 31 of that year or such other fiscal year as shall be designated by such Person as its annual accounting period.

"Fitch" shall mean Fitch, Inc.

"Force Majeure" shall mean any of the causes, circumstances or events described as constituting Force Majeure in Section 7.1 of the Borrower Loan Agreement.

"Funding Lender" shall mean Citibank N.A., a national banking association, and any successor under this Funding Loan Agreement and the Funding Loan Documents.

"Funding Loan Agreement" shall mean this Funding Loan Agreement, dated as of October 1, 2013, by and among the Funding Lender, the Governmental Lender and the Fiscal Agent, as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental thereto entered into pursuant to the applicable provisions thereof.

"Funding Loan Documents" shall mean (i) this Funding Loan Agreement, (ii) the Borrower Loan Agreement, (iii) the Regulatory Agreement, (iv) the Tax Certificate, (v) the Borrower Loan Documents, (vi) all other documents evidencing, securing, governing or otherwise pertaining to the Funding Loan, and (vii) all amendments, modifications, renewals and substitutions of any of the foregoing.

"GAAP" shall mean generally accepted accounting principles applied on a consistent basis.

"GNMA" shall mean the Government National Mortgage Association, a corporate instrumentality of the United States within the United States Department of Housing and Urban Development organized and existing under the National Housing Act.

"GNMA Documents" shall mean the GNMA Guaranty and the documents related to the GNMA Guaranty.

"GNMA Guaranty" shall mean the guaranty made by GNMA pursuant to the provisions of Section 306(g) of Title III of the National Housing Act, as amended, and the regulations promulgated under the National Housing Act.

"GNMA Mortgage-Backed Securities Guide" shall mean the GNMA Handbook 5500.3, as it may be amended or modified from time to time, which describes and provides instruction to the participants in the GNMA Mortgage-Backed Securities program.

"GNMA Regulations" shall mean the GNMA Regulations promulgated under the National Housing Act.

"GNMA Security" or "GNMA Securities" shall mean a fully modified pass through security in the form of a CLC or a PLC issued by an approved FHA lender and guaranteed by GNMA as to timely payment of principal of and interest on a PLC and as to timely payment of interest only until maturity and timely payment of principal at maturity on a CLC, pursuant to Section 306(g) of the National Housing Act of 1934, as amended, and the regulations promulgated thereunder.

"Governmental Lender" shall mean the City of Los Angeles, a municipal corporation and charter city of the State of California.

"Governmental Lender Closing Costs" shall mean the fees, costs and expenses incurred in connection with the closing of the Funding Loan and issuance of the Governmental Lender Notes, including, without limitation, the Governmental Lender's initial fee as described in Section 7(n) of the Regulatory Agreement.

"Governmental Lender Fee" shall mean the Governmental Lender's issuance fee payable by the Fiscal Agent to the Governmental Lender on or before the Closing Date from amounts in the Closing Costs Fund, or otherwise by the Borrower, and the annual fee of the Governmental Lender, all as set forth in Section 7(n) of the Regulatory Agreement.

"Governmental Lender Notes" shall mean collectively, the Governmental Lender Notes the form of which is contained in Exhibit A to this Funding Loan Agreement.

"Government Obligations" shall mean noncallable, nonprepayable (i) direct, general obligations of the United States of America, or (ii) any obligations unconditionally guaranteed as to the full and timely payment of all amounts due thereunder by the full faith and credit of the

United States of America (including obligations held in book entry form), but specifically excluding any mutual funds or unit investment trusts invested in such obligations.

“Governmental Lender Notes Fund” shall mean the Governmental Lender Notes Fund created in Section 7.3 hereof and maintained under Section 7.4 hereof.

“Governmental Lender Notes Payment Date” shall mean each Interest Payment Date and any other date on which Governmental Lender Note Debt Service Charges are due, whether at maturity, upon acceleration or otherwise.

“Governmental Lender Note Debt Service Charges” shall mean, for any period or payable at any time, the principal of and interest on the Governmental Lender Notes for that period or payable at that time whether due at maturity or upon acceleration.

“HUD” shall mean the United States Department of Housing and Urban Development.

“HUD Regulatory Agreement” shall mean the Regulatory Agreement dated as of October 1, 2013 between the Borrower and HUD, related to the FHA Insured Mortgage Loan.

“Initial Deposit” shall mean the deposit of Available Moneys in the amount of \$[____], which is equal to the interest which will accrue on the Governmental Lender Notes from the Closing Date through the Maturity Date of the Governmental Lender Notes, which the Borrower shall cause to be made from Available Moneys other than the proceeds of the Governmental Lender Notes to the Initial Deposit Account of the Governmental Lender Notes Fund on the Closing Date.

“Initial Deposit Account” shall mean the Initial Deposit Account within the Governmental Lender Notes Fund created in Section 7.3(a) hereof.

“Interest Payment Date” or “Governmental Lender Note Payment Date” shall mean each [____] 1 and [____] 1, commencing [____] 1, 2014, and any date on which the Governmental Lender Notes are prepaid prior to maturity.

“Interest Rate” shall mean [____]% per annum, calculated on the basis of a 360-day year of twelve 30-day months.

[“Interest Rate for Advances” shall mean a rate equal to the “prime rate” announced by the Funding Lender from time to time, plus 2%.]

“Investor Limited Partner” shall mean initially [PNC Real Estate Entity] and its successors and assigns.

“Law” shall have the meaning assigned thereto in the recitals.

“Maturity Date” shall mean [____] 1, 20[____].

“Maximum Rate” shall mean the lesser of (i) 12% per annum and (ii) the maximum interest rate that may be paid on the Funding Loan under State law.

“Minimum Fiscal Agent Rating” means a long term rating of the Fiscal Agent’s unsecured obligations with maturities in excess of one year of not less than “A” by S&P, or, if the Fiscal Agent does not have such a rating from S&P, it must have a minimum rating of its unsecured obligation with maturities of one year or less of “A 1” from S&P.

“Moody’s” shall mean Moody’s Investors Service, Inc., or its successor.

“Noteowner” or “owner of a Governmental Lender Note” or “Holder” shall mean any owner, or as applicable, collectively the owners, of the Governmental Lender Notes as shown on the registration books maintained by the Fiscal Agent-pursuant to Section 8.6.

“Notice Address” shall be the address for which notices hereunder are to be sent to certain parties as set forth in Section 12.1 hereof.

“Ongoing Governmental Lender Fee” shall mean the portion of the Governmental Lender Fee payable after the Closing Date.

“Opinion of Counsel” shall mean a written opinion from an attorney or firm of attorneys, acceptable to the Funding Lender and the Governmental Lender with experience in the matters to be covered in the opinion; provided that whenever an Opinion of Counsel is required to address the exclusion of interest on the Governmental Lender Notes from gross income for purposes of federal income taxation, such opinion shall be provided by Tax Counsel.

“Permitted Investments” shall mean, the following investments which mature (or are redeemable at the option of the Fiscal Agent at a price no less than 100% of the principal amount thereof) at such time or times as to enable disbursements to be made from the fund in which such investment is held or allocated in accordance with the applicable terms:

- (a) Government Obligations;
- (b) Demand deposits or time deposits with, or certificates of deposit issued by, the Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000 and maturing in less than 365 days; provided that the Fiscal Agent or such other institution has been rated at least “VMIG-1” by Moody’s or “A-1+” by S&P, as applicable, which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency;
- (c) Bonds (including tax-exempt bonds), bills, notes or other obligations of or secured by Fannie Mae, Freddie Mac, the Federal Home Loan Bank or the Federal Farm Credit Bank;
- (d) Obligations of a state or local government with a short-term S&P rating of A-1+ and a long-term S&P rating of AA+ or higher; or
- (e) Money market funds rated “AAAm” by S&P which are registered with the Securities and Exchange Commission and which meet the requirements of Rule 2(a)(7) of

the Investment Company Act of 1940, as amended which may be administered by the Fiscal Agent or its affiliates (including any money market funds of the Fiscal Agent or its affiliates or for which the Fiscal Agent or an affiliate thereof serves as investment advisor or provides other services to such money market fund and receives reasonable compensation therefor).

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

"Pledged Revenues" shall mean the amounts pledged under this Funding Loan Agreement to the payment of the principal of, prepayment premium, if any, and interest on the Funding Loan and the Governmental Lender Notes, consisting of the following (but excepting therefrom amounts credited to the Expense Fund or the Rebate Fund): (i) all income, revenues, proceeds and other amounts to which the Governmental Lender is entitled (other than amounts received by the Governmental Lender with respect to the Unassigned Rights) derived from or in connection with the Project and the Funding Loan Documents, including all Borrower Loan Payments due under the Borrower Loan Agreement and the Borrower Note, payments with respect to the Borrower Loan Payments and all amounts obtained through the exercise of the remedies provided in the Funding Loan Documents and all receipts credited under the provisions of this Funding Loan Agreement against said amounts payable, and (ii) moneys held in the funds and accounts established under this Funding Loan Agreement, together with investment earnings thereon.

"PLC" shall mean the Ginnie Mae Certificate issued after the FHA Insured Mortgage Loan is finally endorsed for FHA insurance.

"Project" shall mean the acquisition, rehabilitation and equipping of an existing 83-unit (including 1 manager unit) scattered site apartment facility known as Hollywoodland Apartments, and located at 1206-1222 N. Gower Street, 977 N. Wilton Place, 5155-5169 Marathon Street and 1438 Gordon Street in Los Angeles, California.

"Project Costs" shall mean the costs of the Project specified in Section 3.4 of the Borrower Loan Agreement.

"Project Fund" shall mean Project Fund created in Section 7.3 hereof and administered pursuant to Section 7.7 hereof.

"Project Purposes" shall mean the operation of the Project in accordance with the Act, the Code and the Regulatory Agreement.

"Rating Agency" shall mean any one and each of S&P, Moody's and Fitch then rating the Governmental Lender Notes or any other nationally recognized statistical rating agency then rating the Governmental Lender Notes or the Securities, which has been approved by the Funding Lender.

“Rebate Analyst” shall mean (i) Kutak Rock LLP, or (ii) any certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Fiscal Agent) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected by and at the expense of the Borrower, with the prior written consent of the Governmental Lender, to make the computations required under this Agreement and the Borrower Loan Agreement.

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

“Regulatory Agreement” shall mean that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of the date hereof, by and among the Governmental Lender, the Borrower and the Fiscal Agent, as hereafter amended or modified.

“Resolution” shall mean the resolution of the Governmental Lender authorizing the Funding Loan and the execution and delivery of the Funding Loan Documents to which the Governmental Lender is a party.

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

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

“Securities Depositories” shall mean The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227 4039 or 4191; Midwest Securities Trust Company, Capital Structures – Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312) 663 2343; Pacific Securities Depository Trust Company, Pacific and Company, P.O. Box 7041, San Francisco, California 94120, Fax (415) 393 4128; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax (215) 496 5058; or, in accordance with the then current guidelines of the Securities and Exchange Commission to such other addresses and/or such other securities depositories or, as the Governmental Lender may designate in a request of the Governmental Lender delivered to the Fiscal Agent, to no such depositories.

“Security” shall have the meaning given in Section 4.1 hereof.

“Servicer” shall mean [PNC Entity], its successor and assigns.

“Special Funds” shall mean, collectively, the Governmental Lender Notes Fund, the Project Fund and the Collateral Fund, and any accounts therein, all as created in this Funding Loan Agreement.

"Standard & Poor's" or "S&P" shall mean Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business division, or its successors.

"State" shall mean the State of California.

"Tax Certificate" shall mean, collectively, (a) 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 and executed by the Governmental Lender and the Borrower and (b) the Borrower Cost Certificate dated the Closing Date and executed and delivered by the Borrower, in each case including all exhibits and other attachments thereto and in each case as may be amended from time to time.

"Tax Counsel" shall mean Kutak Rock LLP or any other attorney or firm of attorneys designated by the Governmental Lender and approved by the Funding Lender having a national reputation for skill in connection with the authorization and issuance of municipal obligations under Sections 103 and 141 through 150 (or any successor provisions) of the Code.

"Tax Counsel Approving Opinion" shall mean an opinion of Tax Counsel substantially to the effect that the Governmental Lender Notes constitute valid and binding obligations of the Governmental Lender and that, under existing statutes, regulations published rulings and judicial decisions, the interest on the Governmental Lender Notes is excludable from gross income for federal income tax purposes (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

"Tax Counsel No Adverse Effect Opinion" shall mean an opinion of Tax Counsel to the effect that the event specified therein will not, in and of itself, adversely affect any exclusion of interest in respect of the Governmental Lender Notes from gross income for purposes of federal income taxation (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

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

"Unassigned Rights" shall mean the Governmental Lender's rights to reimbursement and payment of its fees (including the Governmental Lender Fee), costs and expenses and the Rebate Amount under Section 3.8 of the Borrower Loan Agreement, its rights to attorneys' fees under Sections 4.2 and 5.3 thereof, its rights to indemnification under Section 5.3 thereof, its rights of inspection under Section 5.1 thereof, its rights to receive notices, reports and other statements and its rights to consent to certain matters, as provided in this Funding Loan Agreement and the Borrower Loan Agreement and the Governmental Lender's indemnification, consent and enforcement rights under the Regulatory Agreement.

"Written Certificate," "Written Certification," "Written Consent," "Written Direction," "Written Notice," "Written Order," "Written Registration," "Written Request," and "Written Requisition" shall mean a written certificate, consent, direction, notice, order or requisition signed by an Authorized Borrower Representative, an Authorized Governmental Lender Representative, or an authorized representative of the Funding Lender and delivered to the Funding Lender, the Servicer, the Fiscal Agent or such other Person as required under the Funding Loan Documents.

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

Section 1.2. Effect of Headings and Table of Contents. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.3. Date of Funding Loan Agreement. The date of this Funding Loan Agreement is intended as and for a date for the convenient identification of this Funding Loan Agreement and is not intended to indicate that this Funding Loan Agreement was executed and delivered on said date.

Section 1.4. Designation of Time for Performance. Except as otherwise expressly provided herein, any reference in this Funding Loan Agreement to the time of day shall mean the time of day in the city where the Funding Lender maintains its place of business for the performance of its obligations under this Funding Loan Agreement.

Section 1.5. Interpretation. The parties hereto acknowledge that each of them and their respective counsel have participated in the drafting and revision of this Funding Loan Agreement. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Funding Loan Agreement or any amendment or supplement or exhibit hereto.

ARTICLE II

TERMS; GOVERNMENTAL LENDER NOTES

Section 2.1. Terms.

(a) Principal Amount. The total principal amount of the Funding Loan is hereby expressly limited to the Authorized Amount.

(b) Origination Date; Maturity. The Funding Loan shall be originated on the Closing Date and shall mature on the Maturity Date at which time the entire principal amount, to the extent not previously paid, and all accrued and unpaid interest, shall be due and payable.

(c) Principal. The outstanding principal amount of the Governmental Lender Notes and of the Funding Loan as of any given date shall be the total amount advanced by the Funding Lender to or for the account of the Governmental Lender to fund the loan evidenced by the Borrower Note as proceeds of the Borrower Loan, less any payments of principal of the Governmental Lender Notes previously received upon payment of corresponding principal amounts under the Borrower Note, including voluntary and mandatory prepayments. The principal amount of the Governmental Lender Notes and interest thereon shall be payable on the basis specified in this paragraph (c) and in paragraphs (d) and (e) of this Section 2.1.

The Fiscal Agent shall keep a record of all principal advances and principal repayments made under the Governmental Lender Notes and shall upon written request provide the Governmental Lender and the Funding Lender with a statement of the outstanding principal balance of the Governmental Lender Notes and the Funding Loan.

(d) Interest. Interest shall be paid on the outstanding principal amount of the Governmental Lender Notes at the rate or rates set forth in the Borrower Note and otherwise as set forth in the Borrower Loan Agreement; provided, however, that in no event shall interest paid on the Governmental Lender Notes exceed the Maximum Rate.

(e) Corresponding Payments. The payment or prepayment of principal, interest and premium, if any, due on the Funding Loan and the Governmental Lender Notes shall be made on any date on which the corresponding payment on the Borrower Note is made. Any payment or prepayment made by the Borrower of principal, interest or premium, if any, due on the Borrower Note shall be passed through on the same date on which the Borrower Note payment is made to provide for the payment or prepayment of principal, interest and premium, if any, due on the Funding Loan and the Governmental Lender Notes.

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

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

Section 2.2. Form of Governmental Lender Notes. As evidence of its obligation to repay the Funding Loan, simultaneously with the delivery of this Funding Loan Agreement to the Funding Lender, the Governmental Lender hereby agrees to execute and deliver the Governmental Lender Notes. The Governmental Lender Notes shall be substantially in the form set forth in Exhibit A attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Funding Loan Agreement or State law.

Section 2.3. Execution and Delivery of Governmental Lender Notes. The Governmental Lender Notes shall be executed on behalf of the Governmental Lender by the manual or facsimile signature of the Mayor of the Governmental Lender, and attested by the manual or facsimile signature of an Authorized Attesting Officer. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the Governmental Lender Notes. In case any officer of the Governmental Lender whose manual or facsimile signature shall appear on the Governmental Lender Notes shall cease to be such officer before the delivery thereof, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery, and also the Governmental Lender Notes may bear the facsimile signatures of, or may be signed by, such persons as at the actual time of the execution thereof shall be the proper officers to sign the Governmental Lender Notes although at the date of such Governmental Lender Notes such persons may not have been such officers.

The Governmental Lender Notes shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Funding Loan Agreement unless a certificate of authentication on such Governmental Lender Notes, substantially in the form set forth in Exhibit A hereto, shall have been manually executed by the Fiscal Agent. The Fiscal Agent shall authenticate the Governmental Lender Notes by execution of the certificate of authentication on or attached to the Governmental Lender Notes, and the certificate of authentication so executed on or attached to the Governmental Lender Notes shall be conclusive evidence that it has been authenticated and delivered under this Funding Loan Agreement

Section 2.4. Participations; Sale and Assignment.

(a) [reserved]

(b) The Funding Lender shall have the right to sell (i) the Governmental Lender Notes and the Funding Loan, or (ii) any portion of or participation interests in the Governmental Lender Notes and the Funding Loan in each case only in Authorized Denominations and only as long as the Governmental Lender Note retains a rating of "A-" or higher.

(c) No service charge shall be made for any sale or assignment of any portion of the Governmental Lender Note, but the Governmental Lender may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such sale or assignment. Such sums shall be paid in every instance by the purchaser or assignee of the Funding Loan or portion thereof.

(d) The Governmental Lender Notes, or any interest therein, shall be in fully-registered form transferable to subsequent holders only on the registration books which shall be maintained by the Fiscal Agent for such purpose and which shall be open to inspection by the Governmental Lender.

ARTICLE III

PREPAYMENT

Section 3.1. Prepayment of the Governmental Lender Notes from Prepayment Under the Borrower Note. The Governmental Lender Notes are subject to voluntary and mandatory prepayment as follows:

(a) The Governmental Lender Notes shall be subject to voluntary prepayment in full (but not in part) on any Business Day on or after [] 1, 20[] by the Governmental Lender, from funds received by the Governmental Lender to the extent and in the manner and on any date that the Borrower Note is subject to voluntary prepayment as set forth therein (including the provisions of Section 6.1 of the Borrower Loan Agreement), at a prepayment price equal to 100% of the principal balance of the Borrower Note to be prepaid, plus interest thereon to the date of prepayment and the amount of premium, if any, payable under the Borrower Note, plus any Additional Borrower Payments due and payable under the Borrower Loan Agreement through the date of prepayment.

(b) The Governmental Lender Notes are subject to mandatory prepayment in whole upon a prepayment of the Borrower Note under Section 6.2 of the Borrower Loan Agreement, as soon as practicable following receipt by the Fiscal Agent of written notice from the Governmental Lender, the Borrower or Tax Counsel of a Determination of Taxability, or in whole or in part, as soon as practicable, in order to prevent a Determination of Taxability (in the amount determined by Tax Counsel to be necessary to preserve the tax-exemption of interest on the Government Lender Notes which will remain Outstanding thereafter, if any). Any such prepayment of the Government Lender Notes will be paid from Available Moneys.

Section 3.2. Notice of Prepayment. Notice of prepayment of the Governmental Lender Notes shall be deemed given to the extent that notice of prepayment of the Borrower Note is timely and properly given to the Fiscal Agent and the Funding Lender in accordance with the terms of the Borrower Note and the Borrower Loan Agreement, and no separate notice of prepayment of the Governmental Lender Notes is required to be given, and such notice may be conditional as described in Section 6.3 of the Borrower Loan Agreement with respect to Conditional Notice given thereunder.

ARTICLE IV

SECURITY

Section 4.1. Security for the Funding Loan. To secure the payment of the Funding Loan and the Governmental Lender Notes, to declare the terms and conditions on which the Funding Loan and the Governmental Lender Notes are secured, and in consideration of the premises and of the funding of the Funding Loan by the Funding Lender, the Governmental Lender by these presents does grant, bargain, sell, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Fiscal Agent and to the Funding Lender, (except as limited herein), a lien on and security interest in the following described property (excepting, however, in each case, the Unassigned Rights) (said property, rights and privileges being herein collectively called, the "Security"):

(a) All right, title and interest of the Governmental Lender in, to and under the Borrower Loan Agreement and the Borrower Note, including, without limitation, all Pledged Revenues, Borrower Loan Payments and Additional Borrower Payments (except those related to the Unassigned Rights) derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Borrower Loan Agreement; provided that the pledge and assignment made under this Funding Loan Agreement shall not impair or diminish the obligations of the Governmental Lender under the provisions of the Borrower Loan Agreement;

(b) All right, title and interest of the Governmental Lender in, to and under, together with all rights, remedies, privileges and options pertaining to, the Funding Loan Documents, and all other payments, revenues and receipts derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Funding Loan Documents;

(c) Any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held by the Fiscal Agent under this Funding Loan Agreement, subject to the provisions of this Funding Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

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

The pledge and assignment of and the security interest granted in the Security pursuant to this Section 4.1 for the payment of the principal of, premium, if any, and interest on the Governmental Lender Notes, in accordance with their terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Governmental Lender Notes by the Governmental Lender. The Security so pledged and then or thereafter received by the Fiscal Agent or the Funding Lender shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Governmental Lender irrespective of whether such parties have notice thereof.

Section 4.2. Delivery of Security. To provide security for the payment of the Funding Loan and the Governmental Lender Notes, the Governmental Lender has pledged and assigned its right, title and interest in the Security to the Fiscal Agent for the benefit of the holders from time to time of the Governmental Lender Notes. In connection with such pledge, assignment, transfer and conveyance, the Governmental Lender shall deliver to the Fiscal Agent the following documents or instruments promptly following their execution and, to the extent applicable, their recording or filing:

- (a) The Borrower Note endorsed without recourse to the Fiscal Agent by the Governmental Lender;
- (b) The originally executed Borrower Loan Agreement and Regulatory Agreement;
- (c) All other Borrower Loan Documents existing at the time of delivery of the Borrower Note;
- (d) Uniform Commercial Code financing statements or other chattel security documents giving notice of the Funding Lender's status as an assignee of the Governmental Lender's security interest in any personal property forming part of the Project, in form suitable for filing;
- (e) Uniform Commercial Code financing statements giving notice of the pledge by the Governmental Lender of the Security pledged under this Funding Loan Agreement; and
- (f) A rating letter from a Rating Agency regarding the Governmental Lender Notes conferring a rating of "A-" or higher.

The Governmental Lender shall deliver and deposit with the Fiscal Agent or the Funding Lender such additional documents, financing statements, and instruments as the Fiscal Agent, as directed by the Funding Lender or the Funding Lender may reasonably require from time to time for the better perfecting and assuring to the Funding Lender of its lien and security interest in and to the Security, at the expense of the Borrower.

ARTICLE V

LIMITED LIABILITY

Section 5.1. Source of Payment of Funding Loan and Other Obligations. The Funding Loan and the Governmental Lender Notes are limited obligations of the Governmental Lender, payable solely from the Pledged Revenues and other funds and moneys and Security pledged and assigned hereunder. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Funding Loan or the Governmental Lender Notes or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein, and none of the Funding Loan or the Governmental Lender Notes or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan, the Governmental Lender Notes or hereunder, shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. Neither the faith, revenues, credit nor taxing power of the Governmental Lender, the State or any other political corporation or subdivision or agency thereof shall be pledged to the payment of the principal of, premium (if any), or interest on the Governmental Lender Notes or this Funding Loan Agreement.

Section 5.2. Exempt from Individual Liability. No recourse under or upon any obligation, covenant, warranty or agreement contained in this Funding Loan Agreement or in the Governmental Lender Notes, or under any judgment obtained against the Governmental Lender, 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 Funding Loan Agreement, shall be had against the Mayor, the City Council or any of the members, officers, agents or employees of the Governmental Lender (past, present or future), either directly or through the Governmental Lender or otherwise, for the payment for or to the Governmental Lender or any receiver of the Governmental Lender, or for or to the owners of the Governmental Lender Notes, or otherwise, of any sum that may be due and unpaid by the Governmental Lender upon the Governmental Lender Notes. 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 owners of the Governmental Lender Notes or otherwise of any sum that may remain due and unpaid upon the Governmental Lender Notes secured by this Funding Loan Agreement or any of them are, by the acceptance of the Governmental Lender Notes, expressly waived and released as a condition of and in consideration for the execution of this Funding Loan Agreement and the issuance of the Governmental Lender Notes. Anything in this Funding Loan Agreement to the contrary notwithstanding, it is expressly understood by the parties to this Funding Loan Agreement that (a) the Governmental Lender may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Governmental Lender by the Fiscal Agent, the Servicer, the Borrower or the owners of the Governmental Lender Notes as to the existence of any fact or state of affairs, (b) the Governmental Lender shall not be under any obligation under this Funding Loan Agreement 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 Fiscal Agent or by the Servicer and (c) none of the provisions of this Funding Loan Agreement shall require the Governmental Lender 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 Funding Loan Agreement, 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 Governmental Lender Notes or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of the Governmental Lender Notes shall be had against the Mayor, the City Council or any officer, member, agent or employee of the Governmental Lender, 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 Funding Loan Agreement and the issuance of the Governmental Lender Notes. No covenant, stipulation, obligation or agreement of the Governmental Lender contained in this Funding Loan Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Governmental Lender or the Mayor or the City Council in other than that person's official capacity. No member, officer, agent or employee of the Governmental Lender shall be individually or personally liable for the payment of the principal or redemption price of or interest on the Governmental Lender Notes or be subject to any personal liability or accountability by reason of the issuance of the Governmental Lender Notes.

It is recognized that notwithstanding any other provision of this Funding Loan Agreement, neither the Borrower, the Fiscal Agent nor any owner of the Governmental Lender Notes shall look to the Governmental Lender for damages suffered by the Borrower, the Fiscal Agent or such owner as a result of the failure of the Governmental Lender to perform any covenant, undertaking or obligation under this Funding Loan Agreement, the Borrower Loan Agreement, the Governmental Lender Notes or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Governmental Lender in any of such documents, or for any other reason. Although this Funding Loan Agreement recognizes that such documents shall not give rise to any pecuniary liability of the Governmental Lender, nothing contained in this Funding Loan Agreement 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 Governmental Lender) in any court or before any governmental body, agency or instrumentality or otherwise against the Governmental Lender or any of its officers or employees to enforce the provisions of any of such documents which the Governmental Lender is obligated to perform and the performance of which the Governmental Lender has not assigned to the Fiscal Agent or any other person.

Section 5.3. Limited Obligation. Notwithstanding any other provision of this Funding Loan Agreement to the contrary:

THE GOVERNMENTAL LENDER NOTES ARE ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT, AND ARE LIMITED OBLIGATIONS OF THE GOVERNMENTAL LENDER. NEITHER THE CITY COUNCIL OF THE GOVERNMENTAL LENDER NOR ANY OFFICIAL OR EMPLOYEE OF THE GOVERNMENTAL LENDER NOR ANY PERSON EXECUTING THE

GOVERNMENTAL LENDER NOTES SHALL BE LIABLE PERSONALLY ON THE GOVERNMENTAL LENDER NOTES OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE GOVERNMENTAL LENDER NOTES AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE GOVERNMENTAL LENDER, PAYABLE ONLY FROM THE SOURCES DESCRIBED IN THIS FUNDING LOAN AGREEMENT. NEITHER THE GOVERNMENTAL LENDER, THE STATE NOR ANY OTHER POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE GOVERNMENTAL LENDER NOTES OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE MONEY 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 GOVERNMENTAL LENDER IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE GOVERNMENTAL LENDER NOTES OR OTHER COSTS INCIDENT THERETO. THE GOVERNMENTAL LENDER NOTES ARE NOT A DEBT OF THE UNITED STATES OF AMERICA.

ARTICLE VI

CLOSING CONDITIONS; APPLICATION OF FUNDS

Section 6.1. Conditions Precedent to Closing. Closing of the Funding Loan on the Closing Date shall be conditioned upon satisfaction or waiver by the Funding Lender and the Governmental Lender in their sole discretion of each of the conditions precedent to closing set forth in this Funding Loan Agreement, including but not limited to the following:

- (a) Receipt by the Funding Lender of the original executed Governmental Lender Notes, authenticated by the Fiscal Agent;
- (b) Receipt by the Fiscal Agent of the original executed Borrower Note, endorsed by the Governmental Lender to the Fiscal Agent;
- (c) Receipt by the Fiscal Agent of executed counterparts of this Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement, the Tax Certificate, and any UCC financing statement required by the Section 4.2 above;
- (d) Receipt by the Fiscal Agent of a certified copy of the Resolution;
- (e) [reserved];
- (f) Delivery into escrow or to the Fiscal Agent, as appropriate, of all amounts required to be paid in connection with the origination of the Borrower Loan and the Funding Loan including a deposit of the Initial Deposit to the Governmental Lender Notes Fund and a deposit by the Borrower to the Closing Costs Fund of any deposit required to be made at Closing in accordance with Sections 7.3 and 7.6 hereof;

- (g) Receipt by the Funding Lender of a Tax Counsel Approving Opinion;
- (h) Receipt by the Funding Lender of an Opinion of Counsel from Tax Counsel to the effect that the interest on the Governmental Lender Notes is exempt from registration under the Securities Act of 1933, and this Funding Loan Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended;
- (i) Delivery of an opinion of counsel to the Borrower addressed to the Governmental Lender to the effect that the Borrower Loan Documents and the Regulatory Agreement are valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to such exceptions and qualifications as are acceptable to the Governmental Lender;
- (j) Receipt by the Fiscal Agent and Governmental Lender of a letter from a Rating Agency rating the Governmental Lender Notes not less than "A-"; and
- (k) Receipt by the Funding Lender and the Governmental Lender of any other documents or opinions that the Funding Lender, the Governmental Lender or Tax Counsel may require.

ARTICLE VII

FUNDS AND ACCOUNTS

Section 7.1. Authorization to Create Funds and Accounts. Except as provided in Section 7.3 hereof, no funds or accounts shall be established in connection with the Funding Loan at the time of closing and origination of the Funding Loan. The Funding Lender and the Fiscal Agent are authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation awards), if any, received by the Governmental Lender, the Funding Lender or the Fiscal Agent pursuant to the terms hereof or any of the other Funding Loan Documents and not immediately transferred or disbursed pursuant to the terms of the Funding Loan Documents and/or the Borrower Loan Documents.

Section 7.2. Investment of Funds in General. Amounts held in any funds or accounts created under this Funding Loan Agreement shall be invested in Permitted Investments at the direction of the Borrower, subject in all cases to the restrictions of Section 8.7 hereof and of the Tax Certificate. In the absence of such direction, the Fiscal Agent shall invest any such funds in Permitted Investments as defined in clause (e) under the definition of Permitted Investments. Monies invested hereunder shall be invested in Permitted Investments and shall not remain uninvested for more than 365 consecutive days.

Section 7.3. Establishment of Funds; Initial Deposits.

(a) There are established with the Fiscal Agent the funds and accounts set forth below. Each Fund is to be maintained in the custody of the Fiscal Agent as a separate bank account (except when invested in Permitted Investments). The funds and accounts are:

(i) The Governmental Lender Notes Fund, and the Initial Deposit Account therein;

(ii) The Project Fund;

(iii) The Collateral Fund;

(iv) The Expense Fund;

(v) The Closing Costs Fund; and

(vi) The Rebate Fund.

All money required to be deposited with or paid to the Fiscal Agent for the account of any of the funds or accounts created by this Funding Loan Agreement shall be held by the Fiscal Agent in trust for the benefit of the Funding Lender (except the Expense Fund and the Rebate Fund), and except for money held in the Expense Fund and the Rebate Fund, shall, while held by the Fiscal Agent, constitute part of the Pledged Revenues and be subject to the lien hereof.

(b) The proceeds of the sale of the Governmental Lender Notes (including without limitation, premium, if any, and interest accrued thereon), shall be deposited by the Fiscal Agent on the Closing Date to the Project Fund.

(c) Not later than the Closing Date, the Borrower shall have (i) caused the Initial Deposit to have been made to the Fiscal Agent, who shall deposit the same to the Initial Deposit Account of the Governmental Lender Notes Fund and (ii) the Borrower shall have made or caused to be made an additional deposit to the Closing Costs Fund in the amount to be agreed upon on or before the Closing Date by the Borrower, the Governmental Lender and the Funding Lender from funds of the Borrower other than proceeds of the Governmental Lender Notes.

Section 7.4. Governmental Lender Notes Fund; Deposits. The Governmental Lender and the Borrower shall have no interest in the Governmental Lender Notes Fund or the moneys therein, which shall always be maintained by the Fiscal Agent completely separate and segregated from all other moneys held hereunder and from any other moneys of the Governmental Lender and the Borrower.

The Fiscal Agent shall deposit into the Governmental Lender Notes Fund any amounts received from or on behalf of the Borrower as payments of principal of, premium, if any, or interest on the Borrower Loan and any other amounts received by the Fiscal Agent that are subject to the lien and pledge of this Funding Loan Agreement, including any Pledged Revenues not required to be deposited to the Expense Fund or not otherwise specifically directed in writing to be deposited into other funds created by this Funding Loan Agreement.

The Fiscal Agent shall apply all amounts on deposit in the Governmental Lender Notes Fund in the following order of priority:

FIRST, to pay or provide for the payment of the interest then due on the Governmental Lender Notes, as the same becomes due and payable;

SECOND, to pay or provide for the payment or the prepayment of principal (and premium, if any) on the Governmental Lender Notes, provided moneys have been transferred or deposited into the Governmental Lender Notes Fund for such purpose; and

THIRD, to pay or provide for the payment of the Governmental Lender Notes on the Maturity Date or earlier prepayment date.

Section 7.5. Expense Fund. The Fiscal Agent shall deposit in the Expense Fund immediately upon receipt from or on behalf of the Borrower, the amounts required by the Regulatory Agreement or the Borrower Loan Agreement to be paid by the Borrower to the Governmental Lender or the Fiscal Agent. Amounts on deposit in the Expense Fund shall be used to pay the fees and expenses of the Governmental Lender and the Fiscal Agent, as and when the same become due or as otherwise set forth with respect to the fees and expenses of the Governmental Lender, in an invoice prepared by the Governmental Lender or, with respect to the fees and expenses of the Fiscal Agent, in an invoice of the Fiscal Agent. Moneys in the Expense Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent to pay (i) on each [] 1 and [] 1, commencing [] 1, 2014, or at the direction of the Governmental Lender, the Governmental Lender Fee, (ii) on each [] 1, commencing [] 1, 2014, to the Fiscal Agent amounts due pursuant to subpart (a) of the definition of "Fiscal Agent's Fees" herein, (iii) upon receipt, to the Fiscal Agent, any amounts due to the Fiscal Agent which have not been paid, other than amounts paid in accordance with clause (ii) hereof, and (iv) upon receipt, to, or at the direction of, the Governmental Lender, any amounts owing the Governmental Lender by the Borrower and then due and unpaid, other than amounts paid in accordance with clause (i) hereof.

In the event that the amounts on deposit in the Expense Fund are not equal to the amounts payable from the Expense Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Fiscal Agent shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment, which payment shall be made to the Fiscal Agent by or on behalf of the Borrower not later than the second Business Day following such request, in the amount of such deficiency.

Written notice of any such insufficiency, which would result in the Governmental Lender not receiving the Governmental Lender Fee on the applicable due date, shall be provided by the Fiscal Agent to the Governmental Lender (with a copy to the Borrower and the Funding Lender) within 10 days of the applicable due date.

Upon payment by the Borrower of such deficiency, the amounts for which such deficiency was requested shall be paid by the Fiscal Agent.

Notwithstanding anything herein to the contrary, the Fiscal Agent, on behalf of the Governmental Lender, shall prepare and submit a written invoice to the Borrower for payment of the Governmental Lender Fee not later than 30 days prior to the due date for payment of such the

Governmental Lender Fee, and shall remit moneys received by the Borrower to the Governmental Lender for payment of such fee.

Section 7.6. Closing Costs Fund. On the Closing Date, the Borrower shall deposit or cause to be deposited with the Fiscal Agent, for deposit in the Closing Costs Fund, the amount of \$[_____]. Amounts in the Closing Costs Fund shall be disbursed by the Fiscal Agent to pay Closing Costs on the Closing Date or as soon as practicable thereafter as follows: moneys on deposit in the Closing Costs Fund shall be applied to: (a) pay as stated in a completed requisition in the form of Exhibit D; (b) pay the Fiscal Agent its closing fee of \$[_____]; and (c) pay CDIAAC a fee of \$[_____] upon the receipt of an invoice therefor. Any interest earnings on amounts on deposit in the Closing Costs Fund shall remain in such Fund. Any moneys remaining in the Closing Costs Fund (including investment proceeds) after the earlier of (i) the payment of all costs of issuance as certified in writing to the Fiscal Agent by the Borrower or (ii) a period of six (6) months after the Closing Date, shall be transferred to the Governmental Lender Notes Fund for application not inconsistent with the purposes of such Fund or paid to or at the direction of the Borrower and thereupon the Closing Costs Fund shall be closed.

Section 7.7. Project Fund.

(a) Subject to the following paragraph of this Section, the Fiscal Agent shall make disbursements from the Project Fund to pay Project Costs only upon the receipt of a written request of the Borrower signed by an Authorized Borrower Representative (which request shall be in substantially the form attached as Exhibit C to this Funding Loan Agreement) (a "Disbursement Request") and containing the written consent of the Governmental Lender. The Governmental Lender agrees that if the Governmental Lender has not objected in writing to any disbursement from the Project Fund within five Business Days of receipt of a request for approval of such disbursement, the Governmental Lender shall be deemed to have approved such disbursement. Furthermore, if the Governmental Lender and the Funding Lender disagree as to whether a particular disbursement from the Project Fund shall be approved or disapproved, they shall meet and confer in good faith, upon the request of either of them in an effort to resolve the matter, which meeting may be by telephonic or electronic means, or may be at a personal meeting. If they fail to agree upon the approval or disapproval of such a disbursement following such good faith efforts, the Funding Lender can approve the disbursement and the Fiscal Agent shall pay it from the Project Fund.

(b) When the Fiscal Agent receives a Disbursement Request from the Project Fund in accordance with the provisions of Subsection 7.7(a) hereof and Section 3.4 of the Borrower Loan Agreement, subject to the following paragraph, the Fiscal Agent shall confirm that Available Moneys equal to or greater than the sum of: (i) the amount set forth in the Disbursement Request; and (ii) all prior disbursements made, are on deposit in the Collateral Fund.

Upon confirmation of the items above, the Fiscal Agent shall thereafter disburse the funds from the Project Fund to pay Project Costs in the amount pursuant to the Disbursement Request directly to (1) the FHA Lender, to the extent the corresponding deposit of Available Money to the Collateral Fund was made by or at the direction of the

FHA Lender (as confirmed in the Disbursement Request) or (2) the Borrower (or any other party designated in the Disbursement Request) to the extent the corresponding deposit of Available Moneys to the Collateral Fund was made by or at the direction of the Borrower or such other party. Any interest earnings on the Project Fund shall be credited to the Governmental Lender Notes Fund.

(c) The Fiscal Agent shall cause to be kept and maintained adequate records pertaining to the Project Fund and all disbursements therefrom as herein provided. If requested by the Governmental Lender or the Borrower, or the Investor Limited Partner, after the Project has been completed and a Completion Certificate is filed as provided in Section 7.15 hereof, the Governmental Lender shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Governmental Lender and the Borrower and the Investor Limited Partner. The Fiscal Agent may conclusively rely on all Disbursement Requests, the execution of the Disbursement Requests by the Authorized Borrower Representative and the approval of all Disbursement Requests by the Funding Lender and the Governmental Lender, as required by this Section, as conditions of payment from the Project Fund, which Disbursement Requests constitute, as to the Fiscal Agent, irrevocable determinations that all conditions to payment of the specified amounts from the Project Fund have been satisfied. These documents shall be retained by the Fiscal Agent, subject at all reasonable times to examination by the Borrower, the Governmental Lender, the Funding Lender and the agents and representatives thereof upon reasonable notice to the Fiscal Agent. The Fiscal Agent is not required to inspect the Project or the construction work or to make any independent investigation with respect to the matters set forth in any Disbursement Request or other statements, orders, certifications and approvals received by the Fiscal Agent. The Fiscal Agent is not required to obtain completion bonds, lien releases or otherwise supervise the acquisition, construction, renovation, equipping, improvement and installation of the Project.

The proceeds of the Governmental Lender Notes shall be used or deemed used exclusively to pay costs that (i) are (A) capital expenditures (as defined in Section 1.150-1(a) of the Code's regulations) and (B) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code, and (ii) are made exclusively with respect to a "qualified residential rental project" within the meaning of Section 142(d) of the Code and that for the greatest number of buildings the proceeds of the Governmental Lender Notes shall be deemed allocated on a pro rata basis to the building in the Project and the land on which it is located so that the building and the land on which it is located will have been financed fifty percent (50%) or more by the proceeds of the Governmental Lender Notes for the purpose of complying with Section 42(h)(4)(B) of the Code; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Fiscal Agent nor the Governmental Lender shall have any obligation to enforce this covenant nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the holders of the Governmental Lender Notes for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, failure to comply with this representation, covenant and warranty shall not constitute a default or Event of Default under this Funding Loan Agreement.

Upon the occurrence and continuance of an Event of Default hereunder because of which the principal amount of the Governmental Lender Notes has been declared to be due and immediately payable pursuant to Section 9.2 hereof or upon the redemption of the Governmental Lender Notes in full or their payment at maturity, any moneys remaining in the Project Fund shall be promptly transferred by the Fiscal Agent to the Governmental Lender Notes Fund to the extent required to fund such redemption or payment.

Section 7.8. Deposits to and Disbursements from Governmental Lender Notes Fund; Payment of Governmental Lender Note Debt Service Charges. There shall be deposited in the Governmental Lender Notes Fund (1) the amounts set forth in Section 7.3, (2) interest earnings on the Project Fund and the Collateral Fund (3) amounts set forth under this Section 7.8, and (4) amounts from the Collateral Fund as and when set forth in Section 7.16.

The Governmental Lender Notes Fund (and accounts therein for which provision is made in this Funding Loan Agreement or in the Borrower Loan Agreement) and the moneys and Permitted Investments therein shall be used solely and exclusively for the payment of Governmental Lender Note Debt Service Charges as they become due and at stated maturity, or upon acceleration, all as provided herein and in the Borrower Loan Agreement.

The Fiscal Agent shall transmit to any paying agent, as appropriate, from moneys on deposit in the Governmental Lender Notes Fund, amounts sufficient to make timely payments of Governmental Lender Note Debt Service Charges. To the extent that the amount needed by the paying agent is not sufficiently predictable, the Fiscal Agent may make any credit arrangements with the paying agent which will permit those payments to be made. The Governmental Lender authorizes and directs the Fiscal Agent to cause withdrawal of moneys from the Governmental Lender Notes Fund which are available for the purpose of paying, and are sufficient to pay, Governmental Lender Note Debt Service Charges as they become due and payable, for the purposes of paying or transferring moneys to the paying agent which are necessary to pay such Governmental Lender Note Debt Service Charges. Amounts credited to or on deposit in the Initial Deposit Account shall be transferred to the Governmental Lender Notes Fund on each Borrower Loan Payment Date in order to provide for the payment of Governmental Lender Note Debt Service Charges on the next succeeding Governmental Lender Notes Payment Date.

In the event that amounts on deposit in the Governmental Lender Notes Fund on any Borrower Loan Payment Date are insufficient to make the payment of Governmental Lender Note Debt Service Charges due on the next succeeding Governmental Lender Notes Payment Date, the Fiscal Agent shall transfer funds in the following order to the Governmental Lender Notes Fund and use such funds, together with amounts then on deposit in the Governmental Lender Notes Fund, to pay the Governmental Lender Note Debt Service Charges due on the next succeeding Governmental Lender Notes Payment Date:

- (1) first, from amounts on deposit in the Initial Deposit Account of the Governmental Lender Notes Fund;
- (2) second, from amounts on deposit in the Collateral Fund; and
- (3) third, from amounts on deposit in the Project Fund.

Section 7.9. Investment of Special Funds and Rebate Fund. Except as otherwise set forth in this Section 7.9, moneys in the Special Funds and the Rebate Fund shall be invested and reinvested by the Fiscal Agent in Permitted Investments at the written direction of the Authorized Borrower Representative. In the absence of such written direction from the Borrower, such moneys shall be invested in Permitted Investments described in clause (e) of the definition of Permitted Investments. At no time shall the Authorized Borrower Representative direct that any funds constituting gross proceeds of the Governmental Lender Notes be used in any manner as would constitute failure of compliance with Section 148 of the Code. Investments of moneys in the Governmental Lender Notes Fund and the Collateral Fund shall mature or be redeemable at the times and in the amounts necessary to provide moneys to pay Governmental Lender Note Debt Service Charges as they become due (whether scheduled or unscheduled, on an Interest Payment Date, upon redemption or at stated maturity). Each investment of moneys in the Project Fund shall mature or be redeemable at such time as may be necessary to make payments from the Project Fund. Any of those investments may be purchased from or sold to the Fiscal Agent, or any bank, trust company or savings and loan association affiliated with any of the foregoing. The Fiscal Agent shall sell or redeem investments credited to the Governmental Lender Notes Fund to produce sufficient moneys applicable hereunder to and at the times required for the purposes of paying Governmental Lender Note Debt Service Charges when due as aforesaid, and shall do so without necessity for any order on behalf of the Governmental Lender and without restriction by reason of any order. An investment made from moneys credited to the Special Funds shall constitute part of that respective Fund. All investment earnings from amounts on deposit in the Project Fund and the Collateral Fund shall be credited to the Governmental Lender Notes Fund. All gains resulting from the sale of, or income from, any investment made from moneys credited to the Special Funds shall be credited to and become part of the Governmental Lender Notes Fund. Monies invested hereunder shall be invested in Permitted Investments and shall not remain uninvested for more than 365 days.

Section 7.10. Moneys to be Held in Trust. Except where moneys have been deposited with or paid to the Fiscal Agent pursuant to an instrument restricting their application to a particular Governmental Lender Note, all moneys required or permitted to be deposited with or paid to the Fiscal Agent under any provision of this Funding Loan Agreement or the Borrower Note, and any investments thereof, shall be held by the Fiscal Agent in trust. Except for moneys held by the Fiscal Agent pursuant to Section 7.13 hereof, all moneys described in the preceding sentence held by the Fiscal Agent shall be subject to the lien hereof while so held.

Section 7.11. Nonpresentment of Governmental Lender Notes. In the event that any Governmental Lender Note shall not be presented for payment when the principal thereof becomes due, or a check or draft for interest is uncashed, if moneys sufficient to pay the principal then due of such Governmental Lender Note or such check or draft shall have been made available to the Fiscal Agent for the benefit of its Holder, all liability of the Governmental Lender to that Holder for such payment of the principal then due of such Governmental Lender Note or of such check or draft thereupon shall cease and be discharged completely. Thereupon, it shall be the duty of the Fiscal Agent to hold those moneys, without liability for interest thereon, in a separate account in the Governmental Lender Notes Fund for the exclusive benefit of the Holder, who shall be restricted thereafter exclusively to those moneys for any claim of whatever nature on its part under this Agreement or on, or with respect to, the principal then due of that Governmental Lender Note or of such check or draft. The Fiscal Agent shall notify the

Borrower in writing of any Governmental Lender Note that has not been presented for payment when the principal thereof becomes due.

Any of those moneys which shall be so held by the Fiscal Agent, and which remain unclaimed by the Holder of a Governmental Lender Note not presented for payment or check or draft not cashed for a period of four years after the due date thereof, shall be paid to the Borrower free of any trust or lien, upon a request in writing by the Authorized Borrower Representative. Thereafter, the Holder of that Governmental Lender Note shall look only to the Borrower for payment and then only to the amounts so received by the Borrower without any interest thereon, and the Fiscal Agent shall not have any responsibility with respect to those moneys.

Section 7.12. Repayment to the Borrower from the Governmental Lender Notes Fund. Except as provided in Section 7.13 hereof, any amounts remaining in the Governmental Lender Notes Fund (i) after the outstanding Governmental Lender Notes shall be deemed paid and discharged under the provisions of this Funding Loan Agreement, and (ii) after payment of all fees, charges and expenses of the Fiscal Agent, and of all other amounts required to be paid under this Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the Borrower Note, shall be paid to the Borrower to the extent that those amounts are in excess of those necessary to effect the payment and discharge of the outstanding Governmental Lender Notes.

Section 7.13. Rebate Fund. Any provision hereof to the contrary notwithstanding, amounts credited to the Rebate Fund shall be applied solely for the purposes of making payments to the United States of America as set forth herein and shall be free and clear of any lien of this Funding Loan Agreement.

(a) The Fiscal Agent shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto. Within 15 days after each receipt or transfer of funds to the Rebate Fund, or otherwise as set forth in a Written Direction of the Borrower or the Governmental Lender, the Fiscal Agent shall withdraw from the Rebate Fund and pay to the United States of America the entire balance of the Rebate Fund or such lesser amount as shall be set forth in such Written Direction.

(b) All payments to the United States of America pursuant to this Section 7.13 shall be made by the Fiscal Agent for the account and in the name of the Governmental Lender and shall be paid through the United States Mail (return receipt requested or overnight delivery), addressed to the appropriate Internal Revenue Service Center and accompanied by the appropriate Internal Revenue Service forms (such forms to be provided to the Fiscal Agent by the Borrower or the Rebate Analyst as set forth in the Borrower Loan Agreement).

(c) The Fiscal Agent shall preserve all statements, forms and explanations received from the Borrower and delivered to the Fiscal Agent pursuant to the Borrower Loan Agreement and all records of transactions in the Rebate Fund until six years after the retirement of all of the Governmental Lender Notes.

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

(e) If at any time during the term of this Funding Loan Agreement the Governmental Lender, the Fiscal Agent or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section 7.13, such person shall be permitted to take such action if it shall first obtain and provide to the other persons named herein, a Tax Counsel No Adverse Effect Opinion and an opinion of Tax Counsel that such action shall be in compliance with the laws of the State and the terms of this Funding Loan Agreement.

(f) Moneys and securities held by the Fiscal Agent in the Rebate Fund shall not be deemed funds of the Governmental Lender and are not pledged or otherwise subject to any security interest in favor of the Owners to secure the Governmental Lender Notes or any other obligations.

(g) Moneys in the Rebate Fund may be separately invested and reinvested by the Fiscal Agent as provided in Section 7.9 hereof, at the request of and as directed in writing by the Borrower, in Permitted Investments, subject to the Code. The Fiscal Agent shall sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in the Rebate Fund is insufficient for its purposes.

(h) Notwithstanding anything to the contrary in this Funding Loan Agreement, no payment shall be made by the Fiscal Agent to the United States if the Borrower shall furnish to the Governmental Lender and the Fiscal Agent, an opinion of Tax Counsel to the effect that such payment is not required under Section 148(d) and (f) of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Governmental Lender Notes. In such event, the Borrower shall be entitled to withdraw funds from the Rebate Fund to the extent the Borrower shall provide a Tax Counsel No Adverse Effect Opinion to the Governmental Lender and the Fiscal Agent with respect to such withdrawal.

(i) The Fiscal Agent shall keep and make available to the Governmental Lender and the Borrower records concerning the investments of all funds held by the Fiscal Agent pursuant to the Funding Loan Agreement including date bought and sold, price and commission paid, and bids taken, if any, and shall keep all such records until six years after the date on which no Governmental Lender Notes are Outstanding in order to enable the Borrower to make the computations required under section 148(f) of the Code.

(j) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 7.13 need not be made to the extent that neither the Governmental Lender nor the Borrower will thereby fail to comply with any requirements of section 148(f) of the Code based on a Tax Counsel No Adverse Effect Opinion, a copy of which shall be provided to the Fiscal Agent.

Without limiting the generality of the foregoing, the Fiscal Agent shall furnish to the Borrower all information reasonably requested by the Borrower with respect to the Governmental Lender Notes and investments of the funds and accounts maintained by the Fiscal Agent hereunder. The Fiscal Agent shall make deposits to and disbursements from the Rebate Fund (including rebate payments to the United States required to be made by the Tax Certificate), as well as investments of the amounts therein, in accordance with the written directions received from the Borrower pursuant to this Section 7.13 and the Tax Certificate. Anything in Article X hereof to the contrary notwithstanding, the provisions of the Tax Certificate may be superseded or amended by an amendment or supplement to the Tax Certificate affected in accordance with the terms thereof.

Section 7.14. Valuation. For the purpose of determining the amount on deposit to the credit of any Fund or Account, described in this Article VII, the value of obligations in which money in such Fund or Account shall have been invested shall be computed at the then market value thereof.

The Permitted Investments shall be valued by the Fiscal Agent at any time requested by the Authorized Borrower Representative on reasonable notice to the Fiscal Agent (which period of notice may be waived or reduced by the Fiscal Agent); provided, however, that the Fiscal Agent shall not be required to value the Permitted Investments more than once in any calendar month.

Section 7.15. Completion of the Project. The completion of the Project and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Fiscal Agent of the Completion Certificate required by Section 3.6 of the Borrower Loan Agreement. As soon as practicable after the filing with the Fiscal Agent of the Completion Certificate, any balance remaining in the Project Fund (other than the amounts retained by the Fiscal Agent as described in the Completion Certificate) shall be deposited or applied in accordance with the direction of the Authorized Borrower Representative pursuant to Section 3.4 of the Borrower Loan Agreement.

Section 7.16. Collateral Fund. There shall be deposited to the Collateral Fund: (i) on the Closing Date the sum of \$[] consisting of proceeds of the FHA Insured Mortgage Loan; and (ii) from time to time Available Moneys in the form of FHA Insured Mortgage Loan advances or proceeds from the sale of GNMA securities received from the FHA Lender in such amounts and at such times as may be necessary to allow the Fiscal Agent to transfer funds from the Project Fund, pursuant to Section 7.7 hereof, upon the Fiscal Agent's receipt of a Disbursement Request from the Borrower. The Collateral Fund shall only be used and applied for, and irrevocably committed to the transfer by the Fiscal Agent to the Governmental Lender Notes Fund for use by the Fiscal Agent to pay the principal component of the Governmental Lender Note Debt Service Charges which are due and payable upon redemption of the

Governmental Lender Notes or at maturity. Any interest earnings on the Collateral Fund shall be credited to the Governmental Lender Notes Fund.

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

Section 8.1. General Representations. The Governmental Lender makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Governmental Lender is a municipal corporation and charter city, organized and existing under the laws of the State of California, and has the power and authority to (i) enter into the Funding Loan Documents to which it is a party and the transactions contemplated thereby, (ii) incur the indebtedness represented by the Governmental Lender Notes and the Funding Loan and apply the proceeds of such indebtedness to finance the Project and (iii) carry out its other obligations under this Funding Loan Agreement and the Governmental Lender Notes, and by proper action has duly authorized the Governmental Lender's execution and delivery of, and its performance under, such Funding Loan Documents and all other agreements and instruments relating thereto.

(b) The Governmental Lender is not in default under or in violation of, and the execution and delivery of the Funding Loan Documents to which it is a party and its compliance with the terms and conditions thereof will not conflict or constitute a default under or a violation of, (i) the Act or the Law, (ii) to its knowledge, any other existing laws, rules, regulations, judgments, decrees and orders applicable to it, or (iii) to its knowledge, the provisions of any agreements and instruments to which the Governmental Lender is a party, a default under or violation of which would prevent it from entering into the Funding Loan Agreement, executing and delivering the Governmental Lender Notes, financing the Project, executing and delivering the other Funding Loan Documents to which it is a party or consummating the transactions contemplated thereby. The Governmental Lender makes no representations as to the necessity of registering the Governmental Lender Notes or the Borrower Note pursuant to any securities laws or complying with any other requirements of securities laws.

(c) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the knowledge of the Governmental Lender, threatened against the Governmental Lender with respect to (i) the organization and existence of the Governmental Lender, (ii) its authority to execute or deliver the Funding Loan Documents to which it is a party, (iii) the validity or enforceability of any such Funding Loan Documents or the transactions contemplated thereby, (iv) the title of any officer of the Governmental Lender who executed such Funding Loan Documents or (v) any authority or proceedings relating to the execution and delivery of such Funding Loan Documents on behalf of the Governmental Lender, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

(d) The revenues and receipts to be derived from the Borrower Loan Agreement, the Borrower Note and this Funding Loan Agreement have not been pledged previously by the Governmental Lender to secure any of its notes or bonds other than the Funding Loan as evidenced by the Governmental Lender Notes.

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

Section 8.2. No Encumbrance on Security. The Governmental Lender will not knowingly create or knowingly permit the creation of any mortgage, pledge, lien, charge or encumbrance of any kind on the Security or any part thereof prior to or on a parity with the lien of this Funding Loan Agreement, except as expressly permitted or contemplated by the Funding Loan Documents.

Section 8.3. Repayment of Funding Loan. Solely from amounts pledged therefor, and subject to the provisions of Article III hereof, the Governmental Lender will duly and punctually repay, or cause to be repaid, the Funding Loan, as evidenced by the Governmental Lender Notes, as and when the same shall become due, all in accordance with the terms of the Governmental Lender Notes and this Funding Loan Agreement.

Section 8.4. [Reserved].

Section 8.5. Borrower Loan Agreement Performance.

(a) The Funding Lender or the Fiscal Agent, on behalf of the Governmental Lender, may (but shall not be required or obligated) perform and observe any such agreement or covenant of the Governmental Lender under the Borrower Loan Agreement, all to the end that the Governmental Lender's rights under the Borrower Loan Agreement may be unimpaired and free from default.

(b) The Governmental Lender will promptly notify the Borrower, the Fiscal Agent, and the Funding Lender in writing of the occurrence of any Borrower Loan Agreement Default, provided that the Governmental Lender has received written notice or otherwise has knowledge of such event.

Section 8.6. Maintenance of Records; Inspection of Records.

(a) The Fiscal Agent shall keep and maintain adequate records pertaining to any funds and accounts established hereunder, including all deposits to and disbursements from said funds and accounts and shall keep and maintain the registration books for the Funding Loan and interests therein. The Fiscal Agent shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and premium paid on the Funding Loan, subject to the

inspection of the Funding Lender and the Governmental Lender and their representatives at all reasonable times and upon reasonable prior notice.

(b) The Governmental Lender and the Funding Lender will at any and all times, upon the reasonable request of the Borrower, the Fiscal Agent, the Governmental Lender or the Funding Lender, afford and procure a reasonable opportunity by their respective representatives to inspect the books, records, reports and other papers of the Governmental Lender or the Funding Lender, as appropriate, relating to the Project and the Funding Loan, if any, and to make copies thereof.

Section 8.7. Tax Covenants. The Governmental Lender covenants to and for the benefit of the Fiscal Agent and the Funding Lender that, notwithstanding any other provisions of this Funding Loan Agreement or of any other instrument, it will (subject to the limited liability provisions hereof):

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

(b) Not take or cause to be taken any other action or actions, or fail to take any action or actions, which would cause the interest payable on the Governmental Lender Notes to be includable in gross income for federal income tax purposes;

(c) At all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Governmental Lender on the Governmental Lender Notes will be excluded from the gross income of the holders of the Governmental Lender Notes, for federal income tax purposes, pursuant to Section 103 of the Code, except in the event where any holder of the Governmental Lender Notes or a portion thereof is a "substantial user" of the facilities financed with the Funding Loan or a "related person" within the meaning of Section 147(a) of the Code;

(d) Not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Governmental Lender Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations;

(e) Require the Borrower to agree, pursuant to the terms and provisions of the Borrower Loan Agreement, not to commit any act and not to make any use of the proceeds of the Funding Loan, or any other moneys which may be deemed to be proceeds of the Funding Loan pursuant to the Code, which would cause the Governmental Lender Notes to be "arbitrage bonds" within the meaning of Sections 103(b) and 148 the Code, and to comply with the requirements of the Code throughout the term of the Governmental Lender Notes; and

(f) Require the Borrower, pursuant to the terms and provisions of the Borrower Loan Agreement and the Tax Certificate, to take all steps necessary to compute and pay any rebatable arbitrage in accordance with Section 148(f) of the Code.

In furtherance of the covenants in this Section 8.7, the Governmental Lender and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which are by this reference incorporated into this Funding Loan Agreement and made a part of this Funding Loan Agreement as if set forth in this Funding Loan Agreement in full. In the event of any conflict as between this Section 8.7 and the requirements of the Tax Certificate, the Tax Certificate shall control.

For purposes of this Section 8.7 the Governmental Lender's compliance shall be based solely on matters within the Governmental Lender's control and no acts, omissions or directions of the Borrower, the Fiscal Agent, the Funding Lender or any other Persons shall be attributed to the Governmental Lender.

In complying with the foregoing covenants, the Governmental Lender may rely from time to time on a Tax Counsel No Adverse Effect Opinion or other appropriate opinion of Tax Counsel.

Section 8.8. Performance by the Borrower. Without relieving the Governmental Lender from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, the Borrower, on behalf of the Governmental Lender, may perform any such agreement or covenant if no Borrower Loan Agreement Default or Default under the Borrower Loan Agreement exists.

Section 8.9. Maintenance of Records. The Funding Lender shall keep and maintain adequate records pertaining to funds and accounts relative to the Borrower Loan not established with the Fiscal Agent, if any, including all deposits to and disbursements from said funds and accounts and will provide information and records relating thereto to the Fiscal Agent or the Governmental Lender upon request.

ARTICLE IX

DEFAULT; REMEDIES

Section 9.1. Events of Default. Any one or more of the following shall constitute an event of default (an "Event of Default") under this Funding Loan Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or Governmental body):

(a) A default in the payment of any interest upon the Governmental Lender Notes when such interest becomes due and payable; or

(b) A default in the payment of principal of, or premium on, the Governmental Lender Notes when such principal or premium becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for mandatory prepayment or otherwise; or

(c) Subject to Section 8.8 hereof, default in the performance or breach of any material covenant or warranty of the Governmental Lender in this Funding Loan

Agreement (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after there has been given written notice, as provided in Section 11.3 hereof, to the Governmental Lender and the Borrower by the Funding Lender or the Fiscal Agent, specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Funding Loan Agreement; provided that, so long as the Governmental Lender has commenced to cure such failure to observe or perform within the thirty (30) day cure period and the subject matter of the default is not capable of cure within said thirty (30) day period and the Governmental Lender is diligently pursuing such cure to the Funding Lender's satisfaction, with the Funding Lender's Written Direction or Written Consent, then the Governmental Lender shall have an additional period of time as reasonably necessary (not to exceed 30 days unless extended in writing by the Funding Lender) within which to cure such default; or

(d) A default in the payment of any Additional Borrower Payments; or

(e) Any other "Default" or "Event of Default" under any of the other Funding Loan Documents (taking into account any applicable grace periods therein).

Section 9.2. Acceleration of Maturity; Rescission and Annulment.

(a) Subject to the provisions of Section 9.9 hereof, upon the occurrence of an Event of Default under Section 9.1 hereof, then and in every such case, the Funding Lender or the Fiscal Agent at the direction of the Funding Lender, may declare the principal of the Funding Loan and the Governmental Lender Notes and the interest accrued to be immediately due and payable, by notice to the Governmental Lender and the Borrower and upon any such declaration, all principal of and prepayment premium, if any, and interest on the Funding Loan and the Governmental Lender Notes shall become immediately due and payable.

(b) At any time after a declaration of acceleration has been made pursuant to subsection (a) of this Section, the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, may by Written Notice to the Governmental Lender, rescind and annul such declaration and its consequences if:

(i) There has been deposited with the Funding Lender a sum sufficient to pay (1) all overdue installments of interest on the Funding Loan, (2) the principal of and prepayment premium, if any, on the Funding Loan that has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Funding Loan, (3) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Funding Loan, and (4) all sums paid or advanced by the Funding Lender and the reasonable compensation, expenses, disbursements and advances of the Funding Lender, its agents and counsel (but only to the extent not duplicative with subclauses (1) and (3) above); and

(ii) All Events of Default, other than the nonpayment of the principal of the Governmental Lender Notes which have become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 9.9 hereof.

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

(c) Notwithstanding the occurrence and continuation of an Event of Default, it is understood that neither the Fiscal Agent nor the Funding Lender shall pursue any remedies against the Borrower or the Project if no Borrower Loan Agreement Default has occurred and is continuing. An Event of Default hereunder shall not in and of itself constitute a Borrower Loan Agreement Default.

Section 9.3. Additional Remedies; Funding Lender Enforcement.

(a) Upon the occurrence of an Event of Default, the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, may, subject to the provisions of this Section 9.3 and Section 9.9 hereof, proceed to protect and enforce its rights by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Funding Loan Agreement upon or remedy reserved to the Funding Lender or the Fiscal Agent is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Funding Lender or the Fiscal Agent hereunder or now or hereafter existing at law or in equity or by statute.

(b) Upon the occurrence and continuation of any Event of Default, the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, may proceed forthwith to protect and enforce its rights and this Funding Loan Agreement by such suits, actions or proceedings as the Funding Lender, in its sole discretion, or the Fiscal Agent at the direction of the Funding Lender, shall deem expedient. Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, shall have upon the occurrence and continuation of any Event of Default all rights, powers, and remedies with respect to the Security as are available under the Uniform Commercial Code applicable thereto or as are available under any other applicable law at the time in effect and, without limiting the generality of the foregoing, the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, may proceed at law or in equity or otherwise, to the extent permitted by applicable law:

(i) to take possession of the Security or any part thereof, with or without legal process, and to hold, service, administer and enforce any rights thereunder or thereto, and otherwise exercise all rights of ownership thereof, including (but not limited to) the sale of all or part of the Security;

(ii) [reserved];

(iii) to service and administer the Funding Loan as agent and on behalf of the Governmental Lender or otherwise, and, if applicable, to take such actions necessary to enforce the Borrower Loan Documents and the Funding Loan

Documents on its own behalf, and to take such alternative courses of action, as it may deem appropriate; or

(iv) to take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Governmental Lender Notes, this Funding Loan Agreement or the other Funding Loan Documents, or the Borrower Loan Documents, or in and of the execution of any power herein granted, or for foreclosure hereunder, or for enforcement of any other appropriate legal or equitable remedy or otherwise as the Funding Lender may elect.

(c) Whether or not an Event of Default has occurred, the Funding Lender, in its sole discretion, or the Fiscal Agent at the direction of the Funding Lender, shall have the sole right to waive or forbear any term, condition, covenant or agreement of the Borrower Loan Agreement, the Borrower Note or any other Borrower Loan Documents or Funding Loan Documents applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax exempt status of the interest on the Governmental Lender Notes, and provide that the Governmental Lender may enforce specific performance with respect to the Unassigned Rights.

(d) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of 60 days after the Borrower, the Investor Limited Partner, the Fiscal Agent and the Funding Lender receive Written Notice stating that a default under the Regulatory Agreement has occurred and specifying the nature of the default, the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, shall have the right to seek specific performance of the provisions of the Regulatory Agreement or to exercise its other rights or remedies thereunder.

(e) If the Borrower defaults in the performance of its obligations under the Borrower Loan Agreement to make rebate payments, to comply with any applicable continuing disclosure requirements, or to make any other payments owed pursuant to Sections 4.2 or 5.3 of the Borrower Loan Agreement (subject to the applicable notice and cure periods) for fees, expenses or indemnification, the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, shall have the right to exercise all its rights and remedies thereunder (subject to the last paragraph of Section 9.14 hereof).

Section 9.4. Application of Money Collected. Any money collected by the Funding Lender pursuant to this Article and any other sums then held by the Funding Lender or the Fiscal Agent as part of the Security, shall be applied in the following order, at the date or dates fixed by the Funding Lender or the Fiscal Agent at the direction of the Funding Lender:

(a) First: To the payment of any and all amounts due under the Funding Loan Documents other than with respect to principal and interest accrued on the Funding Loan, including, without limitation, any amounts due to the Governmental Lender, the Funding Lender, the Fiscal Agent and the Rebate Analyst;

(b) Second: To the payment of the whole amount of the Funding Loan, as evidenced by the Governmental Lender Notes, then due and unpaid in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Funding Loan) on overdue principal of, and prepayment premium, if any, and overdue installments of interest on the Funding Loan; provided, however, that partial interests in any portion of the Funding Loan shall be paid in such order of priority as may be prescribed by Written Direction of the Funding Lender in its sole and absolute discretion, or the Fiscal Agent at the direction of the Funding Lender; and

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

Section 9.5. Remedies Vested in Funding Lender and Fiscal Agent. All rights of action and claims under this Funding Loan Agreement or the Governmental Lender Notes may be prosecuted and enforced by the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, without the possession of the Governmental Lender Notes or the production thereof in any proceeding relating thereto.

Section 9.6. Restoration of Positions. If Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, shall have instituted any proceeding to enforce any right or remedy under this Funding Loan Agreement and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Funding Lender or Fiscal Agent, then and in every such case the Governmental Lender and the Funding Lender or Fiscal Agent shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Governmental Lender, the Funding Lender and the Fiscal Agent shall continue as though no such proceeding had been instituted.

Section 9.7. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Funding Lender for the Fiscal Agent is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 9.8. Delay or Omission Not Waiver. No delay or omission of the Funding Lender or the Fiscal Agent to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Funding Lender or the Fiscal Agent may be exercised from time to time, and as often as may be deemed expedient, by Funding Lender or the Fiscal Agent at the direction of the Funding Lender. No waiver of any default or Event of Default pursuant to Section 9.9 hereof shall extend to or shall

affect any subsequent default or Event of Default hereunder or shall impair any rights or remedies consequent thereon.

Section 9.9. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender or the Fiscal Agent at the direction of the Funding Lender may, subject to Section 9.6 hereof, by Written Notice to the Governmental Lender and the Borrower, waive any past default hereunder or under the Borrower Loan Agreement and its consequences except for default in obligations due the Governmental Lender pursuant to or under the Unassigned Rights. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Funding Loan Agreement and the Borrower Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 9.10. Remedies Under Borrower Loan Agreement or Borrower Note. As set forth in this Section 9.10 but subject to Section 9.9 hereof, the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, shall have the right, in its own name or on behalf of the Governmental Lender, to declare any default and exercise any remedies under the Borrower Loan Agreement or the Borrower Note, whether or not the Governmental Lender Notes have been accelerated or declared due and payable by reason of an Event of Default.

Section 9.11. Waiver of Appraisal and Other Laws.

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

(b) If any law now in effect prohibiting the waiver referred to in Section 9.11(a), shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section 9.11.

Section 9.12. Suits to Protect the Security. The Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Security by any acts that may be unlawful or in violation of this Funding Loan Agreement and to protect its interests in the Security and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any Governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Funding Lender or the Fiscal Agent.

Section 9.13. Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Funding Loan Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Section 9.14. Pursuit of Remedies. It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default hereunder, rights and remedies may be pursued pursuant to the terms of the Funding Loan Documents.

ARTICLE X

AMENDMENT; AMENDMENT OF BORROWER LOAN AGREEMENT AND OTHER DOCUMENTS

Section 10.1. Amendment of Funding Loan Agreement. Any of the terms of this Funding Loan Agreement and the Governmental Lender Notes may be amended or waived only by an instrument signed by the Funding Lender and the Governmental Lender, and in the case of this Funding Loan Agreement, the Fiscal Agent, provided; however, no such amendment which materially affects the rights, duties, obligations or other interests of the Borrower shall be made without the consent of the Borrower, and, provided further, that if the Borrower is in default under any Funding Loan Document, no Borrower consent shall be required unless such amendment has a material adverse effect on the rights, duties, obligations or other interests of the Borrower. All of the terms of this Funding Loan Agreement shall be binding upon the successors and assigns of and all persons claiming under or through the Governmental Lender, the Fiscal Agent or any such successor or assign, and shall inure to the benefit of and be enforceable by the successors and assigns of the Funding Lender and the Fiscal Agent.

Section 10.2. Amendments Require Funding Lender Consent. The Governmental Lender shall not consent to any amendment, change or modification of the Borrower Loan Agreement or any other Borrower Loan Document or Funding Loan Document without the prior Written Consent of the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender.

Section 10.3. Consents and Opinions. No amendment to this Funding Loan Agreement or any other Funding Loan Document entered into under this Article X or any amendment, change or modification otherwise permitted under this Article X shall become effective unless and until (i) the Funding Lender shall have approved the same in writing in its sole discretion and, in the case of this Funding Loan Agreement, the Fiscal Agent should have also approved the same in writing and (ii) the Funding Lender and the Fiscal Agent shall have received, at the expense of the Borrower, a Tax Counsel No Adverse Effect Opinion and an Opinion of Counsel to the effect that any such proposed amendment is authorized and complies with the provisions of this Funding Loan Agreement and is a legal, valid and binding obligation of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations.

ARTICLE XI

THE FISCAL AGENT

Section 11.1. Appointment of Fiscal Agent; Acceptance. The Governmental Lender hereby appoints [FISCAL AGENT] as Fiscal Agent hereunder. The Fiscal Agent shall signify its acceptance of the duties and obligations imposed upon it by this Funding Loan Agreement by executing this Funding Loan Agreement.

Section 11.2. Certain Duties and Responsibilities of Fiscal Agent.

(a) The Fiscal Agent undertakes to perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement, and no implied covenants or obligations shall be read into this Funding Loan Agreement against the Fiscal Agent.

(b) If an event of default exists hereunder or under any Borrower Loan Document, the Fiscal Agent shall exercise such of the rights and powers vested in it by this Funding Loan Agreement, and subject to Section 11.2(c)(iii) hereof, and to the provisions of Article X hereof with respect to the direction of certain actions by the Funding Lender, use the same degree of care and skill in their exercise, as a prudent corporate trust officer would exercise or use under the circumstances in the conduct of corporate trust business.

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

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

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

(iii) The Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Funding Lender relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent, or exercising any trust or power conferred upon the Fiscal Agent under this Funding Loan Agreement; and

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

Subject to its rights to indemnification pursuant to Section 11.4 hereof, the Fiscal Agent is directed to enter into the Borrower Loan Documents to which it is a party and other related documents, solely in its capacity as Fiscal Agent.

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

(e) The Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Funding Loan Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Funding Loan Agreement.

(f) The permissive rights of the Fiscal Agent to do things enumerated in this Funding Loan Agreement shall not be construed as a duty.

(g) The rights of the Fiscal Agent and limitations of liability enumerated herein and in Section 11.4 shall extend to actions taken or omitted in its role as assignee of the Governmental Lender under the Borrower Loan Agreement and the other Funding Loan Documents.

Section 11.3. Notice of Defaults. Upon the occurrence of any default hereunder or under any Borrower Loan Document and provided that a Responsible Officer of the Fiscal Agent is aware of or has received Written Notice of the existence of such default, promptly, and in any event within 15 days, the Fiscal Agent shall transmit to the Governmental Lender, the Borrower, and the Funding Lender, in the manner and at the addresses for notices set forth in Section 12.1 hereof, notice of such default hereunder known to the Fiscal Agent pursuant to Section 11.4(g) hereof, unless such default shall have been cured or waived.

Section 11.4. Certain Rights of Fiscal Agent. Except as otherwise provided in Section 11.1 hereof:

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

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

(c) Whenever in the administration of this Funding Loan Agreement or any Borrower Loan Document the Fiscal Agent shall deem it desirable that a matter be

proved or established prior to taking, suffering or omitting any action hereunder, the Fiscal Agent (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Written Certificate of the Governmental Lender, the Funding Lender, the Servicer or the Borrower, as appropriate;

(d) The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Funding Loan Agreement or any Borrower Loan Document at the request or direction of the Funding Lender, pursuant to Article IX of this Funding Loan Agreement, unless the Funding Lender shall have offered to the Fiscal Agent in writing security or indemnity reasonably satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, except costs, expenses and liabilities which are adjudicated to have resulted from its own negligence or willful misconduct;

(e) The Fiscal Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document but the Fiscal Agent, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Fiscal Agent shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Governmental Lender, if any, and of the Borrower, in either case personally or by agent or attorney after reasonable notice and during normal business hours;

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

(g) The Fiscal Agent shall not be required to take notice or be deemed to have notice of any default hereunder or under any Borrower Loan Document except for failure by the Borrower to make payments of principal, interest, premium, if any, or Governmental Lender Fee when due, unless a Responsible Officer of the Fiscal Agent shall be specifically notified by a Written Notice of such default by the Governmental Lender, the Servicer or the Funding Lender, and all notices or other instruments required by this Funding Loan Agreement or under any Borrower Loan Document to be delivered to the Fiscal Agent, must, in order to be effective, be delivered in writing to a Responsible Officer of the Fiscal Agent at the Office of the Fiscal Agent, and in the absence of such Written Notice so delivered the Fiscal Agent may conclusively assume there is no default as aforesaid.

Section 11.5. Not Responsible for Recitals. The recitals contained herein shall be taken as the statements of the Governmental Lender, and the Fiscal Agent assumes no responsibility for their correctness. The Fiscal Agent makes no representations as to the value or

condition of the Pledged Revenues, the Security or any part thereof, or as to the title of the Governmental Lender thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Funding Loan Agreement or of the Funding Loan.

The Fiscal Agent shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the funding of the Funding Loan.

The Fiscal Agent shall not be required to monitor the financial condition of the Borrower or the physical condition of the Project. Unless otherwise expressly provided, the Fiscal Agent shall be under no obligation to analyze, review or make any credit decisions with respect to any financial statements, reports, notices, certificates or documents received hereunder but shall hold such financial statements reports, notices, certificates and documents solely for the benefit of, and review by, the Funding Lender and such other parties to whom the Fiscal Agent may provide such information pursuant to this Funding Loan Agreement.

The Fiscal Agent makes no representations as to and shall have no responsibility for the sufficiency of the insurance required under any of the Borrower Loan Documents.

Section 11.6. May Hold Funding Loan. The Fiscal Agent in its individual or any other capacity may become the owner or pledgee of the Funding Loan and may otherwise deal with the Governmental Lender, the Funding Lender and the Borrower with the same rights it would have if it were not Fiscal Agent.

Section 11.7. Moneys Held by Fiscal Agent. Moneys held in the Special Funds shall not be commingled with monies in the Expense Fund or the Rebate Fund. Moneys held by the Fiscal Agent in trust hereunder shall be segregated from other funds except to the extent set forth herein. The Fiscal Agent shall be under no liability for interest on any moneys received by it hereunder except as otherwise provided herein.

Section 11.8. Compensation and Reimbursement. Under the Borrower Loan Agreement, the Borrower has agreed to, except as otherwise expressly provided herein, reimburse the Fiscal Agent as provided in this Funding Loan Agreement or the Borrower Loan Agreement, upon its request for all reasonable expenses, disbursements and advances incurred or made by the Fiscal Agent in accordance with any provision of this Funding Loan Agreement (including the reasonable fees, expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Fiscal Agent's negligence or willful misconduct, both as finally adjudicated by a court of law.

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

(a) The Governmental Lender has no obligation to pay the Fiscal Agent for services rendered.

(b) As security for the performance of the obligations of the Borrower under this Section and for the payment of such compensation, expenses, reimbursements and indemnity, the Fiscal Agent shall have the right to use and apply any moneys held by it as Pledged Revenues.

(c) The Fiscal Agent's rights to compensation and reimbursement shall survive its resignation or removal, the payment of the Funding Loan or the Borrower Loan or the release of this Funding Loan Agreement.

Section 11.9. Fiscal Agent Required; Eligibility. Any successor Fiscal Agent shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State approved in writing by the Governmental Lender and either (a) have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, (b) be a wholly owned subsidiary of a bank holding company, or a wholly owned subsidiary of a company that is a wholly owned subsidiary of a bank holding company, having a combined capital surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, have at least \$500,000,000 of trust assets under management and have a combined capital surplus of at least \$2,000,000 as set forth in its most recent published annual report of condition, (c) be otherwise acceptable to the Funding Lender and the Governmental Lender in their sole and absolute discretion and (d) shall have at least a Minimum Fiscal Agent Rating.

Section 11.10. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Fiscal Agent hereunder and no appointment of a successor Fiscal Agent pursuant to this Article shall become effective until the written acceptance by the successor Fiscal Agent of such appointment.

(b) The Fiscal Agent may resign at any time by giving 60 days' Written Notice thereof to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender. If an instrument of acceptance by a successor Fiscal Agent shall not have been delivered to the Fiscal Agent within 45 days after the giving of such notice of resignation, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent. If the Fiscal Agent no longer meets the Minimum Fiscal Agent Rating requirement set forth in Section 11.9 hereof, it shall resign within 60 calendar days of the withdrawal or suspension of a former Minimum Fiscal Agent Rating or other even giving rise to its failure to maintain the Minimum Fiscal Agent Rating.

(c) The Fiscal Agent may be removed at any time with 30 days' notice by (i) the Governmental Lender, with the Written Consent of the Funding Lender, (ii) the Borrower (unless the Borrower is in default under any of the Borrower Loan Documents), with the Written Consent of the Funding Lender and the Governmental Lender, or (iii) the Funding Lender by Written Notice delivered to the Fiscal Agent, the Governmental Lender and the Borrower.

(d) If the Fiscal Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the Office of the Fiscal Agent for any cause, the Governmental Lender shall promptly appoint a successor Fiscal Agent, with the consent of the Funding Lender. In case all or substantially all of the Pledged Revenues and Security shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Fiscal Agent shall be so appointed by the Governmental Lender. If, within 60 days after such resignation, removal or incapability or the occurrence of such vacancy, the Governmental Lender has failed to so appoint a successor Fiscal Agent, then a successor Fiscal Agent shall be appointed by the Funding Lender (from any of the institutions approved by the Governmental Lender to serve as a fiscal agent or trustee) with Written Notice thereof delivered to the Governmental Lender, the Borrower, the Servicer, if any, and the retiring Fiscal Agent, and the successor Fiscal Agent so appointed shall, forthwith upon its acceptance of such appointment, become the successor Fiscal Agent and supersede the successor Fiscal Agent appointed by such receiver or Fiscal Agent. If no successor Fiscal Agent shall have been appointed by the Governmental Lender or the Funding Lender and accepted appointment in the manner hereinafter provided, the Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(e) The retiring Fiscal Agent shall cause Written Notice of each resignation and each removal of the Fiscal Agent and each appointment of a successor Fiscal Agent to be provided to the Funding Lender. Each notice shall include the name of the successor Fiscal Agent and the address of the office of the successor Fiscal Agent.

Section 11.11. Acceptance of Appointment by Successor.

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

(b) No successor Fiscal Agent shall accept its appointment unless at the time of such acceptance such successor Fiscal Agent shall be qualified and eligible under this Article and shall meet the Minimum Fiscal Agent Rating Requirement set forth in Section 11.9 hereof.

Section 11.12. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Fiscal Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Fiscal Agent, shall be the successor of the Fiscal Agent hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notwithstanding the foregoing, any such successor Fiscal Agent shall cause Written Notice of such succession to be delivered to the Governmental Lender and Funding Lender within 30 days of such succession.

Section 11.13. Appointment of Co-Fiscal Agent. It is the purpose of this Funding Loan Agreement that there shall be no violation of any laws of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Fiscal Agent in such jurisdiction. It is recognized that in case of litigation under this Funding Loan Agreement, the Borrower Loan Agreement, any other Borrower Loan Document or the Regulatory Agreement, and in particular in case of the enforcement of any of them on default, or in case the Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Fiscal Agent or hold title to the properties, in trust, as herein provided, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Fiscal Agent appoint an additional individual or institution as a separate or co-fiscal agent. The following provisions of this Section are adopted to these ends:

The Fiscal Agent is hereby authorized to appoint an additional individual or institution as a separate or co-fiscal agent hereunder, upon Written Notice to the Governmental Lender, the Funding Lender and the Borrower, and with the consent of the Governmental Lender and the Funding Lender, but without the necessity of further authorization or consent, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Funding Loan Agreement, any Borrower Loan Document, the Regulatory Agreement or the Borrower Loan Agreement to be exercised by or vested in or conveyed to the Fiscal Agent with respect thereto shall be exercisable by and vest in such separate or co-fiscal agent but only to the extent necessary to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-fiscal agent shall run to and be enforceable by either of them.

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

Section 11.14. No Recourse Against Officers or Employees of Fiscal Agent. No recourse with respect to any claim related to any obligation, duty or agreement contained in this Funding Loan Agreement or any other Funding Loan Document shall be had against any officer or employee, as such, of the Fiscal Agent, it being expressly understood that the obligations, duties and agreements of the Fiscal Agent contained in this Funding Loan Agreement and the other Funding Loan Documents are solely corporate in nature.

ARTICLE XII

MISCELLANEOUS

Section 12.1. Notices.

(a) All notices, consents, approvals and requests required or permitted hereunder or under any other Borrower Loan Document or Funding Loan Document (a "notice") shall be deemed to be given and made when delivered by hand, by recognized overnight delivery service, confirmed facsimile transmission (provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day), or five (5) calendar days after deposited in the United States mail, registered or certified, postage prepaid, with return receipt requested, addressed as follows:

If to the Governmental
Lender:

Los Angeles Housing and Community Investment
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 and Community Investment
Department
Post Office Box 532729
Los Angeles, CA 90053-2729
Facsimile: (213) 808-8606
Attention: Supervisor, Affordable Housing
Bond Program

If to the Fiscal Agent:

[FISCAL AGENT]
[ADDRESS]
Los Angeles, CA 90071
Attention: Global Corporate Trust Services
Ref: LA MF (Hollywoodland 2013N)
Telephone: (213)
Facsimile: (213)

If to the Borrower:

Steele Hollywoodland LP
c/o []
[ADDRESS]
Attention:

with a copy to:

Faegre Baker Daniels LLP
1700 Lincoln Street, Suite 3200
Denver, CO 80203
Attention: J. William Callison
Telephone: (303) 607-3500
Facsimile: (303) 607-3600

With a copy to:

[PNC Real Estate Tax Credit Entity]
[ADDRESS]
Attention: []
Fax: ()

If to the Funding Lender:

Citibank, N.A.
% Citi Community Capital
Transaction Management Group
390 Greenwich Street, 2nd Floor
New York, NY 10013
Attention: Desk Head
Deal #22499
Facsimile: (212) 723-8939

and

Citibank, N.A.
% Citi Community Capital
Municipal Securities Division
325 East Hillcrest Drive, Suite 160
Thousand Oaks, CA 91360
Attention: Operations Manager/Asset
Management
Deal #22499
Facsimile: (805) 557-0924

With a copy to:

Citibank, N.A.
390 Greenwich Street, 2nd Floor
New York, NY 10013
Attention: Account Specialist
Deal #22499
Facsimile: (212) 723-8209

And a copy of any notices
of default sent to:

Citigroup, Inc.
Citi Community Capital
Municipal Securities Division
388 Greenwich Street
New York, NY 10013
Attention: General Counsel's Office
Deal #22499
Facsimile: (212) 723-8939

If to the Governmental
Lender Noteholder
Representative:

Citibank, N.A.
390 Greenwich Street, 2nd Floor
New York, NY 10013
Attention: Account Specialist
Deal #22499
Facsimile: (212) 723-8209

If to the Rating Agency:

Standard & Poor's Rating Services
55 Water Street, 38th Floor
New York, NY 10041
Attention: Public Finance Surveillance
Group
Email: pubfin_structured@standardandpoors.com

Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes under this Funding Loan Agreement: (i) three Business Days after the same is deposited in any official depository or receptacle of the United States Postal Service first class, or, if applicable, certified mail, return receipt requested, postage prepaid; (ii) on the date of transmission when delivered by telecopier or facsimile transmission, telex, telegraph or other telecommunication device, provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day; (iii) on the next Business Day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery; and (iv) on the date of actual delivery to such party by any other shall mean; provided, however, if the day such notice, demand, request or communication shall be deemed to have been given and received as aforesaid is not a Business Day, such notice, demand, request or communication shall be deemed to have been given and received on the next Business Day. Any facsimile signature by a Person on a document, notice, demand, request or

communication required or permitted by this Funding Loan Agreement shall constitute a legal, valid and binding execution thereof by such Person.

Any notice given pursuant to Sections 3.2, 9.1(c), 9.2, 9.9, 11.3, 11.10, 11.11, 11.12, 11.13, shall be simultaneously given to the Rating Agency, if and so long as the Governmental Lender Notes are rated.

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

Section 12.2. Term of Funding Loan Agreement. This Funding Loan Agreement shall be in full force and effect until all payment obligations of the Governmental Lender hereunder have been paid in full and the Funding Loan has been retired or the payment thereof has been provided for; except that on and after payment in full of the Governmental Lender Notes, this Funding Loan Agreement shall be terminated, without further action by the parties hereto.

Section 12.3. Successors and Assigns. All covenants and agreements in this Funding Loan Agreement by the Governmental Lender shall bind its successors and assigns, whether so expressed or not.

Section 12.4. Legal Holidays. In any case in which the date of payment of any amount due hereunder or the date on which any other act is to be performed pursuant to this Funding Loan Agreement shall be a day that is not a Business Day, then payment of such amount or such act need not be made on such date but may be made on the next succeeding Business Day, and such later payment or such act shall have the same force and effect as if made on the date of payment or the date fixed for prepayment or the date fixed for such act, and no additional interest shall accrue for the period from and after such date and prior to the date of payment.

Section 12.5. Governing Law. This Funding Loan Agreement shall be governed by and shall be enforceable in accordance with the laws of the State.

Section 12.6. Invalidity, Illegality or Unenforceability of Provisions. If any provision of this Funding Loan Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Governmental Lender Notes or in this Funding Loan Agreement shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Governmental Lender or the Funding Lender only to the full extent permitted by law.

Section 12.7. Execution in Several Counterparts. This Funding Loan Agreement may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 12.8. Nonrecourse Obligation of the Borrower. Except as otherwise provided in the Borrower Loan Agreement, any obligations of the Borrower under this Funding Loan

Agreement or other provisions of the Borrower Loan Agreement are without recourse to the Borrower or to the Borrower's partners or members, as the case may be, and the provisions of Section 8.10 of the Borrower Loan Agreement are by this reference incorporated herein.

Section 12.9. Waiver of Trial by Jury. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER AND THE BENEFICIARY PARTIES (EXCEPT THE GOVERNMENTAL LENDER) (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS FUNDING LOAN AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

IF FOR ANY REASON THIS WAIVER IS DETERMINED TO BE UNENFORCEABLE, ALL DISPUTES WILL BE RESOLVED BY JUDICIAL REFERENCE PURSUANT TO THE PROCEDURES SET FORTH IN EXHIBIT F OF THE BORROWER LOAN AGREEMENT.

Section 12.10. Electronic Transactions. The transactions described in this Funding Loan Agreement may be conducted and related documents and may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12.11. Nondiscrimination and Affirmative Action. The Fiscal Agent 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 of Los Angeles, California (the "City"). Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent 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 City. Any subcontract entered into by the Fiscal Agent relating to this Funding Loan 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 Funding Loan 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 12.12. Business Tax Registration Certificate. Subject to any exemption available to it, the Fiscal Agent represents 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 Funding Loan Agreement, the Fiscal Agent 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 12.13. Child Support Assignment Orders. This Funding Loan Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, the Fiscal Agent certifies that (1) it will fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (2) 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 (3) it will maintain such compliance throughout the term of this Funding Loan Agreement. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Fiscal Agent 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 Fiscal Agent to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall subject the Fiscal Agent to termination under this Funding Loan Agreement where, in either case, such failure shall continue for more than 90 days after notice of such failure to the Fiscal Agent by the Governmental Lender. Any subcontract entered into by the Fiscal Agent relating to this Funding Loan 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 Fiscal Agent to obtain compliance of its subcontractors shall subject the Fiscal Agent to termination under this Funding Loan Agreement where such failure shall continue for more than 90 days after notice of such failure to the Fiscal Agent by the Governmental Lender.

The Fiscal Agent shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. The Fiscal Agent 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.

Section 12.14. Americans with Disabilities Act. The Fiscal Agent hereby certifies that it will comply with the Americans with Disabilities Act 42, U.S.C. Section 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 Fiscal Agent 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. In addition, the Fiscal Agent will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by the Fiscal Agent, relating to this Funding Loan Agreement, to the extent allowed hereunder, shall be subject to the provisions of this section.

Section 12.15. FHA Federal Laws and Requirements Control. Notwithstanding anything in this Funding Loan Agreement or the Borrower Loan Agreement to the contrary:

(a) Borrower, Fiscal Agent and Governmental Lender acknowledge that this Funding Loan Agreement, and any obligations of Borrower or obligations hereunder, are subject and subordinate to the FHA Loan Documents. Notwithstanding any provision in this Funding Loan Agreement to the contrary, no obligations of the Borrower or obligations hereunder shall be payable except from (A) Surplus Cash (as defined in the HUD Regulatory Agreement) or (B) funds that are not derived from revenues of the Project (as defined in the FHA Mortgage), any proceeds of the FHA Note, any reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents (collectively, "Non-Project Sources"). No claims or actions shall be made (or payable) under this Agreement against the Project, the FHA Lender, the proceeds of the FHA Note, or the assets of the Borrower, except for Surplus Cash of the Borrower. In addition, the rights and obligations of the parties under this Funding Loan Agreement and all other documents evidencing, implementing, or securing this Funding Loan Agreement (collectively, the "Subordinate Bond Documents") are and shall be subordinated in all respects rights and obligations of the parties to and under the FHA Loan Documents. In the event of any conflict between the provisions of (i) this Funding Loan Agreement or the Subordinate Bond Documents and (ii) the provisions of the FHA Loan Documents or the Program Obligations (as defined in the FHA Mortgage), the provisions of the FHA Loan Documents or the Program Obligations shall control. The provisions of this Section 12.14 shall control over any inconsistent provisions in this Funding Lender or the Subordinate Bond Documents.

(b) Any subsequent amendment to this Funding Loan Agreement or the Borrower Loan Agreement is subject to prior written approval of HUD (so long as the Project is subject to a mortgage insured or held by HUD). No amendment to this Funding Loan Agreement or the Borrower Loan Agreement shall conflict with the provisions of the Program Obligations.

(c) The Governmental Lender Notes are not a debt of the United States of America, HUD, FHA, GNMA or any other agency or instrumentality of the federal government, and are not guaranteed by the full faith and credit of the United States or any agency or instrumentality thereof.

(d) There is no pledge hereunder or under the Borrower Loan Agreement of the gross revenues or any of the assets of the Project.

(e) Neither a default under this Funding Loan Agreement nor under the Borrower Loan Agreement shall constitute a default under the FHA Loan Documents related to the Project.

(f) Nothing contained herein or in the Borrower Loan Agreement shall inhibit or impair the right of FHA to require or agree to any amendment, change or modification of any FHA Loan Documents related to the Project for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or in regard to matters or questions arising under said FHA Loan Documents so long as any such amendment, change or modification shall not adversely affect the payment terms of the Governmental Lender Notes.

(g) Neither the Governmental Lender Notes, the Fiscal Agent, nor any of the Holders have or shall be entitled to assert any claim against the Project, any reserves or deposits required by HUD in connection with the Project, or the rents or deposits or other income of the Project.

(h) Proceeds from any condemnation award or from the payment of a claim under any hazard insurance policy relating to the Project will not be payable to the Fiscal Agent, but will be payable in accordance with the FHA Loan Documents.

Section 12.16. Reference Date. This Funding Loan Agreement is dated for reference purposes only as of October 1, 2013.

IN WITNESS WHEREOF, the Funding Lender, the Fiscal Agent and the Governmental Lender have caused this Funding Loan Agreement to be duly executed as of the date first written above.

CITIBANK, N.A.

By: _____
Authorized Signatory

[FISCAL AGENT], as Fiscal Agent

By: _____
Name:
Title: Vice President

CITY OF LOS ANGELES, as Governmental Lender

By Los Angeles Housing and Community Investment Department

By: _____
Name: Helmi A. Hisserich
Title: Assistant General Manager

Approved as to form:

Michael N. Feuer, City Attorney:

By: _____
Deputy/Assistant City Attorney

EXHIBIT A

FORM OF GOVERNMENTAL LENDER NOTE

THIS GOVERNMENTAL LENDER NOTE IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN THE FUNDING LOAN AGREEMENT.

**CITY OF LOS ANGELES
MULTIFAMILY COLLATERALIZED REVENUE NOTES
(HOLLYWOODLAND APARTMENTS)
SERIES 2013N**

[\$ _____]

[_____] , 2013

FOR VALUE RECEIVED, the undersigned CITY OF LOS ANGELES ("Obligor"), a municipal corporation and charter city of the State of California (the "State"), promises to pay to the order of CITIBANK, N.A. (together with its successors and assigns, "Holder"), solely from amounts pledged therefor under the below-defined Funding Loan Agreement, the maximum principal sum of [_____] DOLLARS ([\$_ _____]), on [_____] 1, 20[_____] or earlier as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

Obligor shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of October 1, 2013 (the "Funding Loan Agreement"), among Obligor, [FISCAL AGENT], as fiscal agent (the "Fiscal Agent"), and Holder, an amount in immediately available funds sufficient to pay the principal amount of and prepayment premium, if any, on this Governmental Lender Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts derived from proceeds of this Governmental Lender Note, condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on this Governmental Lender Note in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of this Governmental Lender Note so paid. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Funding Loan Agreement or the Borrower Loan Agreement (as defined below).

Obligor shall pay to the Holder on or before each date on which interest on the Funding Loan is payable interest on the unpaid balance hereof in an amount in immediately available funds sufficient to pay the interest on this Governmental Lender Note then due and payable in the amounts and at the rate or rates set forth in the Funding Loan Agreement.

The Funding Loan and this Governmental Lender Note are pass-through obligations relating to a construction and permanent loan (the "Borrower Loan") made by Obligor from proceeds of the Funding Loan to Steele Hollywoodland LP, a California limited partnership, as borrower (the "Borrower"), under that certain Borrower Loan Agreement, dated as of October 1, 2013 (as the same may be modified, amended or supplemented from time to time, the "Borrower Loan Agreement"), between the Obligor and the Borrower, evidenced by the Borrower Note (as defined in the Borrower Loan Agreement). Reference is made to the Borrower Loan Agreement

and to the Borrower Note for complete payment and prepayment terms of the Borrower Note, payments on which are passed-through under the Governmental Lender Note.

This Governmental Lender Note is a limited obligation of the Obligor, payable solely from the Pledged Revenues and other funds and moneys and Security pledged and assigned under the Funding Loan Agreement. **THIS GOVERNMENTAL LENDER NOTE SHALL NOT BE A DEBT OR AN OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE OBLIGOR, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NONE OF THE OBLIGOR, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON. NEITHER THE FAITH, REVENUES, CREDIT NOR TAXING POWER OF THE OBLIGOR, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY), OR INTEREST ON THIS GOVERNMENTAL LENDER NOTE. THIS GOVERNMENTAL LENDER NOTE IS PAYABLE, AS TO PRINCIPAL, PREMIUM (IF ANY), AND INTEREST, SOLELY OUT OF THE PLEDGED REVENUES AND THE SECURITY WHICH IS THE SOLE ASSET OF THE OBLIGOR PLEDGED THEREFOR, AND THEN ONLY TO THE EXTENT PROVIDED IN THE FUNDING LOAN AGREEMENT. NEITHER THE MEMBERS OF THE CITY COUNCIL OF THE OBLIGOR NOR ANY PERSONS EXECUTING THIS NOTE SHALL BE LIABLE PERSONALLY ON THIS NOTE BY REASON OF THE ISSUANCE HEREOF.**

THIS GOVERNMENTAL LENDER NOTE HAS BEEN ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT.

NO MEMBER, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE OBLIGOR, INCLUDING ANY INDIVIDUAL EXECUTING THE FUNDING LOAN AGREEMENT OR THIS GOVERNMENTAL LENDER NOTE, SHALL BE LIABLE PERSONALLY ON THIS GOVERNMENTAL LENDER NOTE OR FOR ANY REASON RELATING TO THE ISSUANCE OF THIS GOVERNMENTAL LENDER NOTE. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THIS GOVERNMENTAL LENDER NOTE, OR FOR ANY CLAIM BASED ON THIS GOVERNMENTAL LENDER NOTE, OR OTHERWISE IN RESPECT OF THIS GOVERNMENTAL LENDER NOTE, OR BASED ON OR IN RESPECT OF THE FUNDING LOAN AGREEMENT OR ANY SUPPLEMENT THERETO, AGAINST ANY MEMBER, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE OBLIGOR 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 NOTE AND AS PART OF THE CONSIDERATION FOR THE ISSUE OF THIS GOVERNMENTAL LENDER NOTE, EXPRESSLY WAIVED AND RELEASED.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement or in the Borrower Loan Agreement.

This Governmental Lender Note is subject to the express condition that at no time shall interest be payable on this Governmental Lender Note or the Funding Loan Agreement at a rate in excess of the Maximum Rate; and Obligor shall not be obligated or required to pay, nor shall the Holder be permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Governmental Lender Note or of the Funding Loan Agreement, Obligor is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

Amounts payable hereunder representing late payments, penalty payments or the like shall be payable to the extent allowed by law.

This Governmental Lender Note is subject to all of the terms, conditions, and provisions of the Funding Loan Agreement, including those respecting prepayment and the acceleration of maturity.

The rights and remedies of the Holder hereof during the occurrence of a default are as set forth in the Funding Loan Agreement. All of the covenants, conditions and agreements contained in the Funding Loan Documents are hereby made part of this Governmental Lender Note.

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Governmental Lender Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Governmental Lender Note and the Funding Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Subject to the limits on liability set forth herein and in the Funding Loan Agreement, and solely from the collateral pledged therefor, Obligor shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement.

The transfer of this Governmental Lender Note is subject to registration by the holder in person or by the holder's attorney hereof upon surrender of this Governmental Lender Note at the principal corporate trust office of the Fiscal Agent, duly endorsed or accompanied by a written instrument or instruments of transfer in form satisfactory to the Fiscal Agent 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 Governmental Lender Note. Thereupon the Obligor shall execute (if necessary) and the Fiscal Agent 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 Governmental Lender Note.

This Governmental Lender Note may not be changed orally. Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived. The acceptance by the Holder of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the Holder of any sum in an amount less than the amount then due shall be deemed an acceptance on account only and upon condition that such acceptance shall not constitute a waiver of the obligation of Obligor to pay the entire sum then due, and Obligor's failure to pay such amount then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by the Holder to any action of Obligor which is subject to consent or approval of the Holder hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Governmental Lender Note or caused this Governmental Lender Note to be duly executed and delivered by its authorized representative as of the date first set forth above.

OBLIGOR:

CITY OF LOS ANGELES

(SEAL)

City Treasurer

By _____
Mayor

CERTIFICATE OF AUTHENTICATION

This Governmental Lender Note is the Governmental Lender Note described in the within mentioned Funding Loan Agreement.

Date of Authentication: _____

[FISCAL AGENT], as Fiscal Agent

By _____
Name _____
Title _____

EXHIBIT B

[RESERVED]

EXHIBIT C

FORM OF WRITTEN REQUISITION
(Project Fund)

Draw # _____

[FISCAL AGENT]

Attention: Global Corporate Trust Services

Re: City of Los Angeles Multifamily Collateralized Revenue Notes (Hollywoodland Apartments), Series 2013N dated [____], 2013

This requisition is being delivered to you in accordance with the Funding Loan Agreement dated as of October 1, 2013 (the "Funding Loan Agreement") among Citibank, N.A. (the "Funding Lender"), the City of Los Angeles (the "Governmental Lender") and [FISCAL AGENT], as fiscal agent (the "Fiscal Agent") pursuant to which the above-referenced Notes (the "Governmental Lender Notes") were issued. Capitalized terms not defined herein shall have the meanings assigned thereto in the Funding Loan Agreement.

1. You are requested to disburse funds in the amount of \$_____ from the Project Fund as Draw # _____ pursuant to Section 7.7 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference.

2. The undersigned certifies that:

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

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

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

(iv) this Requisition contains no items representing any Closing Costs or any other amount constituting an issuance cost under Section 147(g) of the Code and payment of the costs referenced herein will not violate any representation, warranty or covenant of

the Borrower in the Borrower Loan Agreement, the Regulatory Agreement or the Tax Certificate;

(v) not less than 95% of the sum of: (a) the amounts requisitioned by this Requisition to be funded from the Project Fund plus (b) all amounts previously disbursed from the Project Fund have been or will be applied by the Borrower to pay Qualified Project Costs (as defined in the Regulatory Agreement);

(vi) the Borrower acknowledges that fees, charges or profits (including, without limitation, developer fees) payable to the Borrower or a "related person" (within the meaning of Section 144(a)(3) of the Code) are not deemed to be Qualified Project Costs; and

(vii) as of the date hereof, no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Funding Loan Agreement or under the Borrower Loan Agreement.

Dated: _____, 20____

STEELE HOLLYWOODLAND LP, a California limited partnership, as Borrower

By: Steele Hollywoodland GP LLC, a California limited liability company, Its General Partner

By: Steele Properties Holdings LLC, a Colorado limited liability company, Its Managing Member

By: _____
Name: _____
Title: _____

By: CHC Hollywoodland MGP LLC, a California limited liability company, Its Managing General Partner

By: Community Housing Concepts, Inc., a Colorado nonprofit corporation, Its Managing Member

By: _____
Name: _____
Title: _____

[For Requisitions from Note Proceeds Account]

Approved by Funding Lender:

CITIBANK, N.A.

By: _____
Title: _____
Date: _____

[For all Requisitions]

Approved by the Governmental Lender:

For Governmental Lender consent requirements,
see Section 7.7 of the Funding Loan Agreement

CITY OF LOS ANGELES

By: _____
Name: _____
Title: _____

Date: _____

EXHIBIT D

CLOSING COSTS REQUISITION

[FISCAL AGENT]

Attention: Global Corporate Trust Services

Re: City of Los Angeles Multifamily Collateralized Revenue Notes (Hollywoodland Apartments), Series 2013N dated [____], 2013

The undersigned, an Authorized Representative of Steele Hollywoodland LP, a California limited partnership (the "Borrower"), hereby certifies to you that he/she is authorized and empowered to submit this requisition to you and that attached hereto as Schedule "A" is a schedule of issuance costs incurred in connection with the closing of the funding loan evidenced by the above described Governmental Lender Notes (the "Governmental Lender Notes"), including the names and addresses of the payees and the specific amounts payable to each such payee, and that to the best of the undersigned's information and belief, such amounts are true and correct.

This requisition is being delivered to you in accordance with the Funding Loan Agreement dated as of October 1, 2013 (the "Funding Loan Agreement") among Citibank, N.A. (the "Funding Lender"), the City of Los Angeles (the "Governmental Lender") and [FISCAL AGENT], as Fiscal Agent pursuant to which the Governmental Lender Notes were issued and delivered. You are hereby instructed to withdraw from the Closing Costs Fund created under the Funding Loan Agreement the amounts shown across from each payee listed on Schedule "A" hereto and pay such amounts to each such payee by wire transfer or by such other shall mean as is acceptable to you and any such payee.

Very truly yours,

~~STEELE HOLLYWOODLAND LP~~, a California limited partnership, as Borrower

By: Steele Hollywoodland GP LLC, a California limited liability company, Its General Partner

By: Steele Properties Holdings LLC, a Colorado limited liability company, Its Managing Member

By: _____
Name: _____
Title: _____

By: CHC Hollywoodland MGP LLC, a California
limited liability company, Its Managing
General Partner

By: Community Housing Concepts, Inc., a
Colorado nonprofit corporation, Its
Managing Member

By: _____
Name: _____
Title: _____

Date: _____

Approved by Funding Lender:

CITIBANK, N.A.

By: _____
Title: _____

Date: _____

Approved by the Governmental Lender:

CITY OF LOS ANGELES

By: _____
Name: _____
Title: _____

Date: _____

SCHEDULE "A"

Notes:

[\$ _____] City of Los Angeles Multifamily Collateralized
Revenue Notes (Hollywoodland Apartments), Series 2013N dated
[_____] , 2013

Payee:

Amount:

Method of Payment:

Description of Expense: