

BORROWER LOAN AGREEMENT

Between

**CITY OF LOS ANGELES,
as Governmental Lender,**

and

**WINNETKA SENIOR APARTMENTS, L.P.,
as the Borrower**

Dated as of December 1, 2014

Relating to:

[\$14,000,000]

Funding Loan originated by CITIBANK, N.A., as Funding Lender

The interest of the Governmental Lender in this Borrower Loan Agreement (except for certain rights described herein) has been pledged and assigned to [Fiscal Agent], as fiscal agent (the "Fiscal Agent") and to Citibank, N.A., as funding lender (the "Funding Lender"), as their interests may appear, under that certain Funding Loan Agreement, of even date herewith, by and among the City of Los Angeles (the "Governmental Lender"), the Fiscal Agent and the Funding Lender, under which the Funding Lender is originating a loan to the Governmental Lender to fund the Borrower Loan made under this Borrower Loan Agreement.

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1.	Specific Definitions	2
Section 1.2.	Definitions.....	2
Section 1.3.	Principles of Construction.....	18

ARTICLE II GENERAL

Section 2.1.	Origination of the Borrower Loan	19
Section 2.2.	Security for the Funding Loan	19
Section 2.3.	Loan; the Borrower Note; Conditions to Closing.....	21
Section 2.4.	Borrower Loan Payments	22
Section 2.5.	Additional Borrower Payments.....	23
Section 2.6.	Overdue Payments; Payments if Default	24
Section 2.7.	Optional and Mandatory Prepayment of the Borrower Notes	24
Section 2.8.	Calculation of Interest Payments and Deposits to Real Estate Related Reserve Funds.....	24
Section 2.9.	Grant of Security Interest; Application of Funds.....	24
Section 2.10.	Marshalling; Payments Set Aside	25
Section 2.11.	Borrower Loan Disbursements	26

ARTICLE III CONVERSION

Section 3.1.	Conversion Date and Extension of Outside Conversion Date.....	26
Section 3.2.	Notice From Funding Lender; Funding Lender's Calculation Final	26
Section 3.3.	Mandatory Prepayment of the Borrower Loan	26
Section 3.4.	Release of Remaining Loan Proceeds.....	27
Section 3.5.	No Amendment.....	27
Section 3.6.	Determinations by the Funding Lender	27

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Section 4.1.	Borrower Representations.....	27
Section 4.1.1	Organization; Special Purpose.....	27
Section 4.1.2	Proceedings; Enforceability	28
Section 4.1.3	No Conflicts	28
Section 4.1.4	Litigation; Adverse Facts.....	28
Section 4.1.5	Agreements; Consents; Approvals.....	29
Section 4.1.6	Title.....	30
Section 4.1.7	Survey	30
Section 4.1.8	No Bankruptcy Filing	30
Section 4.1.9	Full and Accurate Disclosure.....	30

Section 4.1.10	No Plan Assets	31
Section 4.1.11	Compliance	31
Section 4.1.12	Contracts	31
Section 4.1.13	Financial Information.....	31
Section 4.1.14	Condemnation	31
Section 4.1.15	Federal Reserve Regulations.....	31
Section 4.1.16	Utilities and Public Access	32
Section 4.1.17	Not a Foreign Person	32
Section 4.1.18	Separate Lots.....	32
Section 4.1.19	Assessments	32
Section 4.1.20	Enforceability.....	32
Section 4.1.21	Insurance	32
Section 4.1.22	Use of Property; Licenses	32
Section 4.1.23	Flood Zone	33
Section 4.1.24	Physical Condition	33
Section 4.1.25	Encroachments.....	33
Section 4.1.26	State Law Requirements	33
Section 4.1.27	Filing and Recording Taxes	33
Section 4.1.28	Investment Company Act	34
Section 4.1.29	Fraudulent Transfer.....	34
Section 4.1.30	Ownership of the Borrower	34
Section 4.1.31	Environmental Matters.....	34
Section 4.1.32	Name; Principal Place of Business	34
Section 4.1.33	Subordinated Debt	35
Section 4.1.34	Filing of Taxes	35
Section 4.1.35	General Tax.....	35
Section 4.1.36	Approval of Borrower Loan Documents and Funding Loan Documents	35
Section 4.1.37	Funding Loan Agreement	35
Section 4.1.38	American with Disabilities Act.....	35
Section 4.1.39	Requirements of the Act, the Law, the Code and the Regulations	36
Section 4.1.40	Regulatory Agreement	36
Section 4.1.41	Intention to Hold Project.....	36
Section 4.1.42	Concerning General Partner.....	36
Section 4.1.43	Government and Private Approvals.....	37
Section 4.1.44	Concerning Guarantor.....	37
Section 4.1.45	No Material Defaults.....	37
Section 4.1.46	Payment of Taxes.....	38
Section 4.1.47	Rights to Project Agreements and Licenses.....	38
Section 4.1.48	Patriot Act Compliance.....	38
Section 4.1.49	Rent Schedule	39
Section 4.1.50	Other Documents	39
Section 4.1.51	Subordinate Loan Documents.....	39
Section 4.2.	Survival of Representations and Covenants	39

ARTICLE V
AFFIRMATIVE COVENANTS

Section 5.1.	Existence.....	40
Section 5.2.	Taxes and Other Charges.....	40
Section 5.3.	Repairs; Maintenance and Compliance; Physical Condition.....	40
Section 5.4.	Litigation.....	41
Section 5.5.	Performance of Other Agreements.....	41
Section 5.6.	Notices.....	41
Section 5.7.	Cooperate in Legal Proceedings.....	41
Section 5.8.	Further Assurances.....	41
Section 5.9.	Delivery of Financial Information.....	42
Section 5.10.	Environmental Matters.....	42
Section 5.11.	Title to the Project.....	42
Section 5.12.	Governmental Lender's, Fiscal Agent's and Funding Lender's Fees.....	42
Section 5.13.	Estoppel Statement.....	43
Section 5.14.	Defense of Actions.....	43
Section 5.15.	Expenses.....	44
Section 5.16.	Indemnity.....	44
Section 5.17.	No Warranty of Condition or Suitability by the Governmental Lender or the Funding Lender.....	47
Section 5.18.	Right of Access to the Project.....	47
Section 5.19.	Notice of Default.....	47
Section 5.20.	Covenant with Governmental Lender, the Fiscal Agent and Funding Lender.....	47
Section 5.21.	Obligation of the Borrower to Construct the Project.....	47
Section 5.22.	Maintenance of Insurance.....	48
Section 5.23.	Information; Statements and Reports.....	48
Section 5.24.	Additional Notices.....	49
Section 5.25.	Compliance with Other Agreements; Legal Requirements.....	50
Section 5.26.	Completion and Maintenance of Project.....	51
Section 5.27.	Fixtures.....	51
Section 5.28.	Income from Project.....	51
Section 5.29.	Leases and Occupancy Agreements.....	51
Section 5.30.	Project Agreements and Licenses.....	52
Section 5.31.	Payment of Debt Payments.....	52
Section 5.32.	ERISA.....	53
Section 5.33.	Patriot Act Compliance.....	53
Section 5.34.	Funding From Equity Investor.....	53
Section 5.35.	Tax Covenants.....	53
Section 5.36.	Payment of Rebate.....	59
Section 5.37.	Covenants under Funding Loan Agreement.....	61
Section 5.38.	Notice of Default.....	61
Section 5.39.	Continuing Disclosure Agreement.....	61

ARTICLE VI
NEGATIVE COVENANTS

Section 6.1.	Management Agreement.....	62
Section 6.2.	Dissolution.....	62
Section 6.3.	Change in Business or Operation of Property.....	62
Section 6.4.	Debt Cancellation.....	62
Section 6.5.	Assets.....	62
Section 6.6.	Transfers.....	62
Section 6.7.	Debt.....	62
Section 6.8.	Assignment of Rights.....	63
Section 6.9.	Principal Place of Business.....	63
Section 6.10.	Partnership Agreement.....	63
Section 6.11.	ERISA.....	63
Section 6.12.	No Hedging Arrangements.....	63
Section 6.13.	Loans and Investments; Distributions; Related Party Payments.....	63
Section 6.14.	Amendment of Related Documents or CC&Rs.....	64
Section 6.15.	Personal Property.....	64
Section 6.16.	Fiscal Year.....	64
Section 6.17.	Publicity.....	64
Section 6.18.	Subordinate Loan Documents.....	64

ARTICLE VII

RESERVED.....	65
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ARTICLE VIII
DEFAULTS

Section 8.1.	Events of Default.....	65
Section 8.2.	Remedies, Acceleration.....	70
Section 8.2.1	Remedies Cumulative.....	70
Section 8.2.2	Delay.....	71
Section 8.2.3	Set Off; Waiver of Set Off.....	71
Section 8.2.4	Assumption of Obligations.....	71
Section 8.2.5	Accounts Receivable.....	71
Section 8.2.6	Defaults under Other Documents.....	71
Section 8.2.7	Abatement of Disbursements.....	72
Section 8.2.8	Completion of Improvements.....	72
Section 8.2.9	Right to Directly Enforce.....	72
Section 8.2.10	Power of Attorney.....	72

ARTICLE IX
SPECIAL PROVISIONS

Section 9.1.	Sale of Note and Secondary Market Transaction.....	74
Section 9.1.1	Cooperation.....	74
Section 9.1.2	Use of Information.....	75

Section 9.1.3	Borrower Obligations Regarding Secondary Market Disclosure Documents	75
Section 9.1.4	Borrower Indemnity Regarding Filings	76
Section 9.1.5	Indemnification Procedure	76
Section 9.1.6	Contribution	76

ARTICLE X
MISCELLANEOUS

Section 10.1.	Notices	77
Section 10.2.	Brokers and Financial Advisors	79
Section 10.3.	Survival	79
Section 10.4.	Preferences	79
Section 10.5.	Waiver of Notice	80
Section 10.6.	Offsets, Counterclaims and Defenses	80
Section 10.7.	Publicity	80
Section 10.8.	Construction of Documents	80
Section 10.9.	No Third Party Beneficiaries	81
Section 10.10.	Assignment	81
Section 10.11.	Governmental Lender, Funding Lender, Fiscal Agent and Servicer Not in Control; No Partnership	81
Section 10.12.	Time of the Essence	82
Section 10.13.	Release	82
Section 10.14.	Term of the Borrower Loan Agreement	82
Section 10.15.	Reimbursement of Expenses	82
Section 10.16.	Permitted Contests	83
Section 10.17.	Funding Lender Approval of Instruments and Parties	83
Section 10.18.	Funding Lender Determination of Facts	83
Section 10.19.	Calendar Months	83
Section 10.20.	Determinations by Lender	84
Section 10.21.	Governing Law	84
Section 10.22.	Consent to Jurisdiction and Venue	84
Section 10.23.	Successors and Assigns	84
Section 10.24.	Severability	84
Section 10.25.	Entire Agreement; Amendment and Waiver	84
Section 10.26.	Counterparts	85
Section 10.27.	Captions	85
Section 10.28.	Servicer	85
Section 10.29.	Beneficiary Parties as Third Party Beneficiary	85
Section 10.30.	Waiver of Trial by Jury	85
Section 10.31.	[Reserved.]	85
Section 10.32.	[Reserved.]	86
Section 10.33.	Reference Date	86
Section 10.34.	Business Tax Registration Certificate	86
Section 10.35.	Child Support Assignment Orders	86
Section 10.36.	Americans with Disabilities Act	87
Section 10.37.	Nondiscrimination and Affirmative Action	87

ARTICLE XI
LIMITATIONS ON LIABILITY

Section 11.1.	Limitation on Liability	87
Section 11.2.	Limitation on Liability of Governmental Lender	88
Section 11.3.	Waiver of Personal Liability	90
Section 11.4.	Limitation on Liability of Funding Lender's Officers, Employees, Etc.....	90
Section 11.5.	Delivery of Reports, Etc	91

BORROWER LOAN AGREEMENT

THIS BORROWER LOAN AGREEMENT (this "Borrower Loan Agreement") is entered into as of the first day of December, 2014, between 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 WINNETKA SENIOR APARTMENTS, L.P., a California limited partnership (together with its successors and assigns, the "Borrower").

WITNESSETH:

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 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 housing sponsors to provide financing for multifamily residential housing located within the jurisdiction of the Governmental Lender and intended to be occupied in part by persons of low and moderate income, as determined by the Governmental Lender; (b) to issue its 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, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender 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, the Borrower has applied to the Governmental Lender for a loan (the "Borrower Loan"), for the acquisition, construction, development, equipping and/or operation of a 94-unit (plus one manager unit) multifamily seniors residential project located in the City of Los Angeles, Los Angeles County, California, at 20750 Sherman Way, known as Winnetka Senior Apartments (the "Project"); and

WHEREAS, the Borrower's repayment obligations under this Borrower Loan Agreement are evidenced by the Borrower Notes, as defined herein; and

WHEREAS, the Borrower has requested the Governmental Lender to enter into that certain Funding Loan Agreement, of even date herewith (the "Funding Loan Agreement"), among the Governmental Lender, [**Fiscal Agent**], as fiscal agent (the "Fiscal Agent") and Citibank, N.A. (the "Funding Lender"), under which the Funding Lender will make a loan (the "Funding Loan") to the Governmental Lender, the proceeds of which will be loaned under this

Borrower Loan Agreement to the Borrower to finance the acquisition, construction, development, equipping and/or operation of the Project; and

WHEREAS, the Borrower Loan is secured by, among other things, that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (as amended, restated and/or supplemented from time to time, the "Security Instrument"), dated as of the date hereof and assigned to the Fiscal Agent to secure the Funding Loan, encumbering the Project, and will be advanced to the Borrower pursuant to this Borrower Loan Agreement, the Funding Loan Agreement and the Construction Funding Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

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

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Security Instrument or, if not defined in the Security Instrument, in the Funding Loan Agreement.

(b) 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 GAAP.

(c) 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.

(d) The terms "herein," "hereof" and "hereunder" and other words of similar import refer to this Borrower Loan Agreement as a whole and not to any particular Article, Section or other subdivision.

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.

Section 1.2. Definitions. The following terms, when used in this Borrower Loan Agreement (including when used in the above recitals), shall have the following meanings:

"Act" shall mean Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State, as amended from time to time.