

LOAN AND SECURITY AGREEMENT

among

CITY OF LOS ANGELES,

MARTHA BRYANT VILLAGE II, L.P.,

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent,

and

BOSTON PRIVATE BANK & TRUST COMPANY,
as Funding Lender

providing for the issue of

\$9,500,000
City of Los Angeles
Multifamily Mortgage Revenue Note
(Martha Bryant Manor Apartments)
Series 2014J

Dated as of December 1, 2014

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LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (together with any supplemental Loan and Security Agreements, the "Loan Agreement") is made as of December 1, 2014, among **CITY OF LOS ANGELES**, a municipal corporation and charter city of the State of California (together with its successors and assigns, the "Governmental Lender"), **MARTHA BRYANT VILLAGE II, L.P.**, a California limited partnership (the "Borrower"), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, with a principal office located in Los Angeles, California, as Fiscal Agent (together with any successor fiscal agent hereunder, the "Fiscal Agent") and **BOSTON PRIVATE BANK & TRUST COMPANY**, a Massachusetts chartered trust company (together with any successor Funding Lender hereunder, the "Funding Lender").

Terms defined in this Loan Agreement are used as defined. Unless otherwise indicated, references to Articles or Sections refer to those in this Loan Agreement. The words "including," "included," and "include" shall, unless the context requires otherwise, be deemed to be followed by the words "without limitation."

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 City of 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, the Governmental Lender has executed and delivered to the Funding Lender its Multifamily Mortgage Revenue Note, (Martha Bryant Manor Apartments) Series 2014J (the "Tax Exempt Note") 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 this Loan Agreement; and

WHEREAS, the Borrower has requested the Governmental Lender to enter into this Loan Agreement under which Funding Lender (a) will advance funds to or for the account of the Governmental Lender for the purchase of the Tax Exempt Note, and (b) apply the proceeds of the Tax Exempt Note to make a loan (the "Loan") to the Borrower to finance the acquisition,

rehabilitation, construction and equipping of a multifamily rental housing development located at 8300 and 8327 South Hoover, Los Angeles, California, known as Martha Bryant Manor Apartments (the "Project"); and

WHEREAS, pursuant to this Loan Agreement, the Borrower agrees to make payments to the Governmental Lender in an amount which, when added to other funds available under this Loan Agreement, will be sufficient to enable the Governmental Lender to repay the Tax Exempt Note and to pay all costs and expenses related thereto when due; and

WHEREAS, simultaneously with the delivery of this Loan Agreement, the Borrower will enter into a forward starting Swap Agreement (defined herein) and will be obligated to make payments thereunder; and

WHEREAS, the obligations of the Borrower under this Loan Agreement will be secured by a lien on and security interest in the Project pursuant to a [Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing] dated of even date herewith (as it may be supplemented or amended, the "Deed of Trust"), made by the Borrower in favor of the Governmental Lender, as assigned to the Fiscal Agent.

NOW, THEREFORE, THIS LOAN AGREEMENT WITNESSETH:

In consideration of the mutual agreements contained in this Loan Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the Governmental Lender, the Borrower, the Funding Lender and the Fiscal Agent agree as set forth herein for their own benefit and for the benefit of the Funding Lender and any future holder of the Tax Exempt Note, provided that any financial obligation of the Governmental Lender hereunder shall not be a general obligation of the Governmental Lender nor a debt or pledge of the faith and credit of the State of California, but shall be payable solely from the Funds and Revenues pledged under this Loan Agreement.

ARTICLE I

GRANTING CLAUSES OF BORROWER AND PLEDGE AND ASSIGNMENT BY GOVERNMENTAL LENDER

Section 1.01. Granting Clauses of Borrower. For and in consideration of the Loan to be made hereunder and in order to secure (a) the payment of \$9,500,000, with interest thereon and premium due, if any, in the amounts and at the times provided in the Tax Exempt Note (unless the outstanding principal balance of the Tax Exempt Note shall be earlier paid as provided in the Tax Exempt Note), (b) the payment of all other charges provided for in this Loan Agreement and all other moneys secured hereby, (c) the satisfaction and performance of all covenants and agreements contained in this Loan Agreement, and (d) the payment and performance of any and all of the Loan Documents, the Borrower does hereby grant, bargain, sell, convey, assign, transfer, and grant a security interest to the Fiscal Agent and to its successors and assigns, in any Fund or account established under this Loan Agreement, and all products and proceeds of any of the foregoing.

Section 1.02. Pledge and Assignment by Governmental Lender. The Governmental Lender assigns and pledges to the Fiscal Agent in trust upon the terms hereof (a) all Revenues to

be received from the Borrower or derived from any security provided hereunder, (b) all rights to receive such Revenues and the proceeds of such rights, (c) all funds and investments held from time to time in the Funds (except the Expense Fund) established under this Loan Agreement and (d) all of its right, title and interest in this Loan Agreement, including enforcement rights and remedies but excluding the following "Reserved Rights": (i) the rights of the Governmental Lender pursuant to provisions for consent, concurrence, approval or other action by the Governmental Lender, notice to the Governmental Lender or the filing of reports, certificates or other documents with the Governmental Lender; (ii) the right of the Governmental Lender to any payment or reimbursement pursuant to Section 10.01(b), Section 10.03 and Section 8.03(a), (c) and (d); and (iii) the powers of the Governmental Lender as stated herein to enforce such rights set forth in subclauses (i) and (ii) above.

ARTICLE II

DEFINITIONS

The following terms as used in this Loan Agreement, the Tax Exempt Note, and any certificate or document executed in connection therewith shall have the following meanings (or are defined elsewhere in this Loan Agreement as indicated below) unless the context otherwise indicates. All accounting terms not specifically defined herein shall be construed in accordance with GAAP, consistently applied.

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

"Additional Payments" means the amounts required to be paid by the Borrower under Section 10.01(b).

"Approved Transferee" means (a) a "qualified institutional buyer" ("QIB") as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the "Securities Act") that is a financial institution or commercial bank having capital and surplus of \$5,000,000,000 or more, (b) an affiliate of the Funding Lender, or (c) a trust or custodial arrangement established by the Funding Lender, one of its affiliates or another QIB, the beneficial interests in which will be owned only by QIBs without restriction as to the form of business or capital and surplus.

"Assignment" means the Assignment of Project Documents dated as of [DATED DATE] by the Borrower in favor of the Funding Lender.

"Assignment of Deed of Trust" means the Assignment of Deed of Trust and Loan Documents dated as of December 1, 2014 by the Governmental Lender in favor of the Fiscal Agent.

"Assignment of Management Agreement" means the Assignment of Management Agreement dated as of December 1, 2014 by the Borrower, the Funding Lender and Barker Management, Inc., a California corporation, as manager.

"Authorized Attesting Officer" means 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 Officer” means 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—Finance and Development Division of the City of 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 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—Finance and Development Division of the City of 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 Officer.

“Authorized Signatory” means the person designated to act for the Fiscal Agent by written certificate furnished to the Governmental Lender, the Funding Lender and the Borrower.

“Bankruptcy” means the filing of a petition in bankruptcy (or the commencement of a bankruptcy or similar proceeding) by or against the Borrower or the Governmental Lender under any applicable bankruptcy, insolvency, reorganization, or similar law now or hereafter in effect which, in the case of a proceeding brought against the Borrower or the Governmental Lender, is not dismissed within 60 days.

“Borrower” has the meaning given such term in the first paragraph of this Loan Agreement.

“Business Day” means any day other than (a) a Saturday, (b) a Sunday, or (c) any other day on which banks are authorized or required to be closed in Boston, Massachusetts or the municipality in which the Principal Office of the Fiscal Agent is located.

“Capital Assets” means, with respect to the Borrower, as to any fiscal period, assets that in accordance with GAAP are required or permitted to be amortized or depreciated on a statement of financial position.

“Capital Leases” means, with respect to the Borrower, leases, conditional sales contracts, and other title retention agreements relating to the purchase or acquisition of Capital Assets.

[*“Cash Collateral Assignment and Security Agreement”* means the Cash Collateral Assignment and Security Agreement dated as of December 1, 2014 among the Borrower, Wilmington Trust, N.A., as collateral agent and the Funding Lender.]

“Closing Costs” shall mean the Governmental Lender’s Closing Fee and the fees, costs, expenses and other charges incurred in connection with the Funding Lender’s purchase of the Tax Exempt Note and the Governmental Lender’s funding of the Loan with the proceeds of the Tax

Exempt Note, the negotiation and preparation of this Loan Agreement and each of the other Loan Documents and shall include, but shall not be limited to, the following: (a) counsel fees (including but not limited to Tax Exempt Note Counsel, counsel to the Governmental Lender, the Borrower's counsel, Fiscal Agent's counsel, and Funding Lender's counsel); (b) financial advisor fees incurred in connection with the closing of the Tax Exempt Note and the Loan; (c) certifying and authenticating agent fees and expenses related to the Tax Exempt Note and the funding of the Loan; (d) any recording fees; (e) any additional fees charged by the Governmental Lender, the Funding Lender or the Fiscal Agent; and (f) costs incurred in connection with the required public notices generally and costs of the public hearing related to the Tax Exempt Note and the funding of the Loan and financing of the Project with the proceeds thereof.

"Closing Date" means the date of delivery of the Tax Exempt Note to the Funding Lender against payment therefor.

"Code" means the Internal Revenue Code of 1986, as in effect on the Closing Date and thereafter from time to time amended, and any regulations promulgated thereunder, including, without limitation, any Treasury Regulations or Temporary or Proposed Regulations, as the same shall from time to time be amended, including (until modified, amended, or superseded) Treasury Regulations or Temporary or Proposed Regulations promulgated under the Internal Revenue Code of 1954, as amended.

"Completion Certificate" has the meaning given such term in Section 6.02.

"Contingency Draw Down Agreement" shall mean the Contingency Draw Down Agreement dated as of December 1, 2014 among the Funding Lender, the Borrower and Fiscal Agent and their respective successors and assign relating to possible conversion of the Tax Exempt Note from a draw down note to a fully funded note.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement dated as of December 1, 2014, between the Borrower and the Funding Lender, pursuant to which the Borrower agrees to provide certain information with respect to the Project, the Borrower and the Tax Exempt Note subsequent to the Closing Date, as amended, supplemented or restated from time to time.

"Costs of Collection" means all reasonable attorneys' fees and reasonable out-of-pocket expenses incurred by the Funding Lender, and all other fees, costs, and expenses incurred by the Funding Lender; including but not limited to, costs and expenses associated with travel on behalf of the Funding Lender; which costs and expenses are directly or indirectly related to the Funding Lender's efforts to collect or enforce the Tax Exempt Note, this Loan Agreement, or any of the Funding Lender's rights, remedies, powers, privileges, or discretions against or in respect of the Borrower (whether or not suit is instituted in connection with any of the foregoing).

"Deed of Trust" means the [Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing] dated as of December 1, 2014 from the Borrower to the Governmental Lender, as assigned to the Fiscal Agent.

"Default" means any event or condition, which, with the passage of time or giving of notice or both, would constitute an Event of Default.

"*Default Rate*" has the meaning given such term in the form of Tax Exempt Note attached hereto as Exhibit A.

"*Determination of Taxability*" shall mean (a) a determination by the Commissioner or any District Director of the Internal Revenue Service, (b) a private ruling or Technical Advice Memorandum concerning the Tax Exempt Note issued by the National Office of the Internal Revenue Service in which Governmental Lender and the Borrower were afforded the opportunity to participate, (c) a determination by any court of competent jurisdiction, (d) the enactment of legislation or (e) receipt by the Funding Lender, at the request of the Governmental Lender, the Borrower or the Funding Lender, of an opinion of Tax Exempt Note Counsel, in each case to the effect that the interest on the Tax Exempt Note is includable in gross income for federal income tax purposes of any holder or any former holder of all or a portion of the Tax Exempt Note, other than 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); provided, however, that no such Determination of Taxability under clause (a) or (c) shall be deemed to have occurred if the Governmental Lender (at the sole expense of the Borrower), the Funding Lender (at the sole expense of the Borrower) or the Borrower is contesting such determination, has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (i) a final determination from which no appeal may be taken with respect to such determination, (ii) abandonment of such appeal by the Governmental Lender or the Borrower, as the case may be, or (iii) one year from the date of initial determination.

"*Disbursing Agreement*" means the Disbursing Agreement, dated as of [Dated Date], among the Borrower, the Guarantors, the Funding Lender and the Fiscal Agent, as same may be from time to time amended.

"*Event of Default*" has the meaning given such term in Section 11.02.

"*Expense Fund*" means the fund of that name established in Section 5.01(b).

"*Federal Tax Certificate*" means, collectively, the Borrower Cost Certificate of the Borrower dated the Closing Date and the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 of the Borrower and the Governmental Lender, each delivered in connection with the Tax Exempt Note.

"*FHLB*" has the meaning given such term in the form of Tax Exempt Note attached hereto as Exhibit A.

"*FHLB One-Month Rate*" has the meaning given such term in the form of Tax Exempt Note attached hereto as Exhibit A.

"*Fiscal Agent*" has the meaning given such term in the first paragraph of this 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 Loan Agreement during each twelve month period and shall be equal to [__]% of the outstanding principal amount of the Tax Exempt Note, with an annual minimum fee of \$[____], payable annually in arrears on each [____] 1 commencing [____] 1, 2015;

(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 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 this Loan Agreement, indemnification of the Fiscal Agent by the Borrower.

"Fund" means any or all of the Project Fund, the Expense Fund, the Closing Costs Fund, the Tax Exempt Note Fund and/or any other fund or account established under this Loan Agreement.

"Funding Lender" means Boston Private Bank & Trust Company, a Massachusetts chartered trust company.

"GAAP" means generally accepted accounting principles in the United States of America, as from time to time in effect.

"Governmental Lender" has the meaning given such term in the first paragraph of this Loan Agreement.

"Governmental Lender Fee" shall mean collectively the Governmental Lender's Closing Fee, and the annual fee of the Governmental Lender, all as set forth in Section 7(n) of the Regulatory Agreement.

"Governmental Lender's Closing Fee" shall mean \$[____]. The Governmental Lender's Closing Fee is payable to the Governmental Lender on the Closing Date.

"Guarantors" means [____] and any other guarantor under the Guaranty, jointly and severally.

"Guaranty" means the Guaranty by the Guarantors to the Funding Lender, dated [DATED DATE], and any other guaranty provided to the Funding Lender in replacement thereof.

"Indebtedness" means all obligations of the Borrower for payments of principal and interest with respect to money borrowed, incurred, or assumed by the Borrower, including, without limitation, all purchase money mortgages, Capital Leases, installment purchase contracts, or other similar instruments in the nature of a borrowing, including the Swap Obligations.

"Ineligible Purchaser" shall mean any owner or operator of a multifamily housing facility within the City of Los Angeles which has either: (a) repeatedly violated the building or habitability codes of the City of Los Angeles; or (b) been convicted of criminal violations relating to the ownership or operation of multifamily housing in the City of Los Angeles.

"Interest Payment Date" has the meaning given such term in the form of Tax Exempt Note attached hereto as Exhibit A.

"Interest Rate" has the meaning given such term in the form of Tax Exempt Note attached hereto as Exhibit A.

"Loan" has the meaning given such term in Section 5.01.

"Loan Documents" means this Loan Agreement, the Tax Exempt Note, the Federal Tax Certificate, the Regulatory Agreement, the Disbursing Agreement, the Guaranty, the Deed of Trust, the Assignment of Deed of Trust, the Assignment of Management Agreement, the Cash Collateral Assignment and Security Agreement, the Assignment, the Pledge Agreement, the Continuing Disclosure Agreement, the Contingency Draw-Down Agreement, the Swap Agreement and each and every other document, instrument and agreement now or hereafter executed or delivered in connection with the indebtedness evidenced by the Tax Exempt Note, including, without limitation, any mortgage, security agreement, assignments of leases, rents, contracts and/or condominium rights, loan agreement, guaranty, indemnity, certification, assignment and pledge agreements, as each may be amended, modified, extended, renewed or restated.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, results of operations, assets, liabilities or condition (financial or otherwise) of the Borrower taken as a whole or (b) the value of the Borrower's property granted pursuant to any of the Loan Documents to secure the payment of the Tax Exempt Note, in each case as determined by the Funding Lender in its reasonable discretion.

"Maturity Date" has the meaning given such term in the form of Tax Exempt Note attached hereto as Exhibit A.

"Maximum Rate" shall mean the lesser of (a) 12% per annum and (b) the maximum interest rate that may be paid on the Loan under State law.

"Minimum Beneficial Ownership Amount" shall mean an amount no less than the greater of \$[_____] declining proportionately as the Funding Loan is amortized or 15% of the outstanding principal amount of the Tax Exempt Note.

"Notice Address" means:

As to the Borrower:

With a copy to:

R4 MB Acquisition LLC
780 Third Avenue, 10th Floor
New York, NY 10017
Attention: Marc D. Schnitzer

As to the Governmental
Lender:

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

With a copy to:

City of Los Angeles Housing and Community
Investment Department
Post Office Box 532729
Los Angeles, CA 90053-2729
Attention: Supervisor, Affordable Housing
Bond Program

As to the Fiscal Agent:

U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust Services
Ref: LA MF (Martha Bryant) 2014J
Telephone: (213) 615-6024
Facsimile: (213) 615-6199

As to the Funding Lender:

Boston Private Bank & Trust Company
Ten Post Office Square
Boston, MA 02109
Attention: Peter Hollands,
Senior Vice President

or such other address or addresses as any such party shall designate by notice to the other parties.

"Payment Date" means each date on which any principal of, premium, if any, or interest on the Tax Exempt Note is due and payable for any reason.

"Permitted Investments" means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America).

"Person" means natural persons, firms, associations, partnerships, trusts, corporations, limited liability companies, public bodies, and other legal entities.

"Pledge Agreement" means, collectively, the Pledge of Rights under Loan, Security and Tax Credit Agreements, the Pledge of Member Interests, Assignment and Security Agreement, the Pledge of Housing Assistance Payments Contract and the Collateral Assignment and Pledge of Capital Contributions and Tax Credits, each dated as of [DATED DATE] from the Borrower in favor of the Funding Lender.

"Principal Office" when used with respect to the Fiscal Agent, means its office located at [_____].

"Project" means, [collectively, (a)] the acquisition and renovation of 76 residential rental housing units and related facilities in two buildings, all to be owned by the Borrower and located at 8300 and 8327 South Hoover Street[; and (b) the payment of capitalized interest and Closing Costs].

"Project Fund" means the fund of that name established in Section 5.01(b).

"Qualified Project Costs" is defined in the Regulatory Agreement.

"Rebate Analyst" shall mean the rebate analyst selected by the Borrower prior to the Closing Date and acceptable to the Governmental Lender and the Funding Lender. The initial Rebate Analyst shall be Kutak Rock LLP.

"Rebate Analyst's Fee" shall mean the annual fee of the Rebate Analyst in the amount of \$500. The Rebate Analyst's Fee is payable by the Borrower to the Rebate Analyst, commencing [_____] 1, 2019, every fifth anniversary thereof, and the earlier of the Maturity Date or date of payment of the Tax Exempt Note in full.

"Rebate Payment Date" has the meaning given such term in Section 5.06.

"Rebate Provision" has the meaning given such term in Section 5.06.

"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.

"Required Transferee Representations" shall mean the representations in substantially the form attached to this Loan Agreement as Exhibit B attached hereto.

"Revenues" means all payments, rates, fees, charges, and other income and receipts, including proceeds of insurance, eminent domain and sale, and including proceeds derived from any security provided hereunder, payable to the Governmental Lender under this Loan Agreement,

including any payments to Borrower under the Swap Agreement with respect to repayments of the Loan, excluding administrative fees of the Governmental Lender, including the Governmental Lender Fee, reimbursements to the Governmental Lender for expenses incurred by the Governmental Lender, and indemnification of the Governmental Lender.

“*State*” means the State of California.

“*Swap Agreement*” means any interest rate exchange, hedge or similar agreement, entered into in order to hedge or manage the interest payable under the Tax Exempt Note, whether then existing or to be entered into, which agreement may include, without limitation, an interest rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), between the Borrower or its designee and the Swap Counterparty, and as shall be set forth in an International Swaps and Derivatives Association, Inc. Master Agreement, including the Schedule thereto, and any Confirmation entered into thereunder between the Borrower and the Swap Counterparty, as such agreement may be amended, supplemented or substituted from time to time.

“*Swap Counter Party*” means Boston Private Bank & Trust Company and its successors and assigns during the term of the Swap Agreement.

“*Swap Obligations*” means all obligations of Borrower to the Swap Counterparty pursuant to the Swap Agreement, including without limitation, the obligation to pay regularly scheduled payments and the obligation to pay amounts due upon the early termination thereof..

“*Taxable Rate*” means the rate per annum, but in no case exceeding the Maximum Rate, being charged by the Funding Lender, as of the date of Determination of Taxability, for secured loans for affordable housing with a maturity equal to the remaining term of the Tax Exempt Note to borrowers with similar creditworthiness as the Borrower, which loans for affordable housing do not involve the issuance of tax exempt debt as provided in writing by the Funding Lender to the Fiscal Agent and Governmental Lender.

“*Tax Exempt Note*” means the City of Los Angeles Multifamily Mortgage Revenue Note, (Martha Bryant Manor Apartments) Series 2014J issued in the aggregate principal amount of \$9,500,000.

“*Tax Exempt Note Counsel*” means Kutak Rock LLP, or any other attorney at law or a firm of attorneys selected by the Governmental Lender of nationally recognized standing in matters pertaining to the validity of and the tax-exempt nature of interest on bonds and other tax exempt notes issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America, but shall not include counsel for the Borrower.

“*Tax Exempt Note*” is as defined in the Recitals of this Loan Agreement.

“*Tax Exempt Note Fund*” means the fund of that name established in Section 5.01(b).

“Uniform Commercial Code” or “UCC” means the Uniform Commercial Code as in effect in the State.

Any reference in this Loan Agreement to the Borrower, the Governmental Lender, the Funding Lender or the Fiscal Agent shall include those which succeed to their functions, duties, or responsibilities pursuant to or by operation of law or who are lawfully performing their functions. Any reference in this Loan Agreement to any statute or law or chapter or section thereof shall include all amendments, supplements, or successor provisions thereto.

ARTICLE III

THE TAX EXEMPT NOTE

Section 3.01. Issuance of Tax Exempt Note. The Tax Exempt Note shall be designated “City of Los Angeles Multifamily Mortgage Revenue Note, (Martha Bryant Manor Apartments) Series 2014J,” shall be issued in the aggregate principal amount of \$9,500,000, shall be substantially in the form set forth in Exhibit A attached hereto, with such variations, omissions, and insertions as are permitted or required hereby; and shall bear interest from the Closing Date. The Tax Exempt Note shall be issued in fully registered form and shall be registered in such name as shall be requested by the Funding Lender.

The Tax Exempt Note shall be issued pursuant to a “draw-down” loan, as described in Treasury Regulation 1.150-1(c)(4)(i), and the Funding Lender shall fund the purchase price of the Tax Exempt Note in installments as set forth in this Loan Agreement, all of which installments shall not exceed \$9,500,000 in the aggregate. Interest shall accrue on the aggregate amount of Tax Exempt Note as to which the purchase price has been advanced pursuant to Section 5.01 and which is outstanding from time to time, such interest to accrue on such advance of purchase price from the date of such advance by the Funding Lender of the purchase price in accordance with the provisions hereof. Notwithstanding the foregoing, as further described in Section 5.01, no proceeds of the Tax Exempt Note shall be requisitioned or advanced pursuant to the draw-down procedures described herein after December 31, 2017.

The Tax Exempt Note shall mature, bear interest, and be payable as set forth in the Tax Exempt Note the form of which is set forth in Exhibit A.

Section 3.02. Delivery of Tax Exempt Note; Application of Proceeds. Upon the execution and delivery of this Loan Agreement, the Governmental Lender as provided in Section 3.03 below shall execute and deliver the Tax Exempt Note to the Fiscal Agent, and the Fiscal Agent shall authenticate the Tax Exempt Note and deliver it to the Funding Lender, or its agent, against payment therefor upon the direction of the Governmental Lender.

Prior to delivery by the Fiscal Agent of the Tax Exempt Note, there shall be filed with the Fiscal Agent:

- (a) A copy, duly certified on behalf of the Governmental Lender, of the resolution adopted by the Governmental Lender authorizing the execution and delivery of this Loan Agreement and the issuance and sale of the Tax Exempt Note.

- (b) An executed counterpart of each of the Loan Documents.
- (c) The Governmental Lender's request and authorization to the Fiscal Agent to authenticate and deliver the Tax Exempt Note to the Funding Lender or its agent upon payment of a specified sum to the Fiscal Agent.
- (d) An opinion of Tax Exempt Note Counsel substantially to the effect that the Tax Exempt Note constitutes the legal, valid, and binding limited obligation of the Governmental Lender (subject to normal qualifications) and that the interest on the Tax Exempt Note will not be included in the gross income of the Funding Lender for federal income tax purposes.
- (e) The executed Required Transferee Representations from the Funding Lender with a copy to the Governmental Lender.
- (f) Such other certificates, documents, instruments, and opinions relating to the issuance of the Tax Exempt Note or the security therefor as the Governmental Lender or the Funding Lender may reasonably request.

Section 3.03. Execution; Authentication. The Tax Exempt Note 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. In case any officer whose signature or a facsimile of whose signature shall appear on the Tax Exempt Note shall cease to be such officer before the delivery of a Tax Exempt Note, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, as if he or she had remained in office until delivery, and the Tax Exempt Note may be signed on behalf of the Governmental Lender by such persons as, at the time of execution of such Tax Exempt Note, shall be the proper officers of the Governmental Lender, even though at the date of such Tax Exempt Note or of the delivery of this Loan Agreement any such person was not such officer.

No Tax Exempt Note shall be valid or obligatory until authenticated by the Fiscal Agent as provided in Exhibit A. Such authentication shall be conclusive evidence that such Tax Exempt Note has been authenticated and delivered hereunder. The certificate of authentication on the Tax Exempt Note shall be deemed to have been executed by the Fiscal Agent if manually signed by an authorized signatory of the Fiscal Agent.

Section 3.04. Exchange and Transfer of Tax Exempt Note; Tax Exempt Note Registrar.

- (a) The Fiscal Agent acknowledges that the Funding Lender is the initial holder of the Tax Exempt Note and shall remain the sole holder of the Tax Exempt Note except as otherwise provided herein.
- (b) The Fiscal Agent, on behalf of the Governmental Lender, shall provide for the registration of the Tax Exempt Note and the registration of transfers thereof. In that regard, the Fiscal Agent shall maintain a register which shall contain a record of every Tax Exempt Note at any time authenticated hereunder, together with the name and

address of the holder thereof, the date of authentication, the date of transfer or payment, and such other matters as may be deemed appropriate by the Fiscal Agent or the Governmental Lender. The Governmental Lender, the Fiscal Agent and any agent of the Governmental Lender or the Fiscal Agent may treat the person in whose name the Tax Exempt Note is registered as the owner of the Tax Exempt Note for the purpose of receiving payment of the Tax Exempt Note and for all other purposes whatsoever whether or not the Tax Exempt Note payments are overdue, and, to the extent permitted by law, neither the Governmental Lender, the Fiscal Agent nor any such agent shall be affected by notice to the contrary.

(c) The transfer of the Tax Exempt Note is subject to registration by the holder thereof only upon compliance with the conditions for registration of transfer imposed on the holder under this Section 3.04 and under Section 3.05 hereof. Upon surrender of the Tax Exempt Note at the principal corporate trust office of the Fiscal Agent, the Governmental Lender shall execute (if necessary), and the Fiscal Agent shall authenticate and deliver, in the name of the designated transferee or transferees (but not registered in blank or to "bearer" or a similar designation), a new Tax Exempt Note of a like principal amount, and having the same stated maturity, tenor and interest rate.

(d) A Tax Exempt Note delivered in exchange for or upon transfer of a Tax Exempt Note shall be a valid limited obligation of the Governmental Lender evidencing the same debt, and entitled to the same benefits under this Loan Agreement, as the Tax Exempt Note surrendered for such exchange or transfer.

(e) Registration of the transfer of the Tax Exempt Note may be made on the Fiscal Agent's register by the holder thereof in person or by such holder's attorney duly authorized in writing. The Tax Exempt Note presented or surrendered for registration of transfer or exchange shall (i) be accompanied by evidence of compliance with the provisions of Section 3.05 hereof, (ii) be duly endorsed or be accompanied by a written instrument or instruments of transfer, in a form satisfactory to the Fiscal Agent, duly executed and with guaranty of signature of the holder thereof or his, her or its attorney duly authorized in writing and (iii) include written instructions as to the details of the transfer of the Tax Exempt Note. The Tax Exempt Note shall not be transferred through the services of the Depository Trust Company or any other third party registrar.

(f) No service charge shall be made to the registered holder of the Tax Exempt Note for any registration, transfer or exchange, but the Fiscal Agent and the Governmental Lender may require payment by the transferee of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of the Tax Exempt Note, and any legal or unusual costs of transfers.

Section 3.05. Restrictions on Transfer.

[BELOW SUBJECT TO HCID APPROVAL]

(a) The Funding Lender shall deliver to the Fiscal Agent and the Governmental Lender the Required Transferee Representations in substantially the form attached hereto as Exhibit B on the Closing Date.

(b) The Funding Lender shall have the right to sell (i) the Tax Exempt Note in whole or (ii) a participation interest or other beneficial ownership interest in the Tax Exempt Note, to the extent permitted by Section 3.05(c) below, provided that such sale shall be only to Approved Transferees that execute and deliver to the Fiscal Agent the Required Transferee Representations.

(c) Notwithstanding the other provisions of this Section 3.05, no beneficial ownership interest in the Tax Exempt Note shall be sold in an amount that is less than the Minimum Beneficial Ownership Amount.

(d) The parties agree that no rating shall be sought from a rating agency with respect to the Tax Exempt Note.

(e) In the case of a transfer of the Tax Exempt Note, subject to the foregoing transfer restrictions, the transferor shall provide to the Governmental Lender written notice of such proposed transfer not less than 10 calendar days prior to such proposed transfer, during which time the Governmental Lender shall determine whether the proposed transferee is an Ineligible Purchaser. If the Governmental Lender fails to deliver written notice to the Fiscal Agent of such determination within 10 calendar days of receipt of notice of proposed transfer, the Fiscal Agent shall conclude that such transferee is not an Ineligible Purchaser.

ARTICLE IV

PREPAYMENT OF TAX EXEMPT NOTE BEFORE MATURITY

Section 4.01. Optional and Mandatory Prepayment. The Tax Exempt Note is subject to optional and mandatory prepayment as set forth in the form of Tax Exempt Note attached as Exhibit A.

Section 4.02. Accrued Interest. Whenever principal is called for prepayment, the accrued interest on such principal shall become due on the prepayment date.

Section 4.03. Notice of Prepayment. Whenever the Tax Exempt Note is to be prepaid in whole or in part (except for mandatory principal prepayments in accordance with Schedule B to the Tax Exempt Note), the Borrower shall give the Funding Lender, the Fiscal Agent and the Governmental Lender notice thereof at least 15 days before the prepayment date specifying the date and amount of prepayment and the amount of accrued interest and premium, if any. Such notice shall constitute an irrevocable election by the Borrower to make such prepayment.

Section 4.04. Partial Prepayment. Upon any subsequent transfer of the Tax Exempt Note upon which a prepayment is made, the Fiscal Agent will make an appropriate notation on the Tax Exempt Note showing the prepaid amounts. Anything in this Loan Agreement to the contrary

notwithstanding, if there shall have occurred and be continuing an Event of Default, there shall be no prepayment of less than all of the Tax Exempt Note outstanding at the time.

ARTICLE V

APPLICATION OF FUNDS

Section 5.01. Sources and Establishment of Funds.

(a) *Issuance of Tax Exempt Note and Loan.* In order to provide funds to make the Loan (as defined below), the Governmental Lender shall issue the Tax Exempt Note. The Funding Lender shall fund the purchase price of the Tax Exempt Note in installments pursuant to requisitions submitted by the Borrower, as set forth herein. The Borrower shall not make any further requisition for the advance of the Tax Exempt Note proceeds, and Funding Lender shall not make any further purchase of installments of the Tax Exempt Note after December 31, 2017. The sum of all installments of Tax Exempt Note shall constitute the Tax Exempt Note, and the loan of such advances to the Borrower on behalf of the Governmental Lender shall constitute the loan to the Borrower (the "Loan"). The Loan will be applied by the Borrower for the purposes of financing the Project [and other costs with respect to the Tax Exempt Note and costs with respect to the Loan, as set forth in the Loan Documents]. Once the Project has been completed, as evidenced by a Completion Certificate, and all Project costs have been paid, the Funding Lender shall no longer have an obligation to advance installments of the purchase price of the Tax Exempt Note notwithstanding the fact that the stated maximum principal amount of the Tax Exempt Note herein may be in excess of the sum of all purchases of Tax Exempt Note hereunder.

The Fiscal Agent shall disburse the proceeds of the Tax Exempt Note as set forth in Section 5.02. Except as otherwise provided in this Loan Agreement, or as limited by provisions of the Code, disbursements of the proceeds of the Tax Exempt Note shall be applied for the payment or reimbursement of costs of the Project.

(b) *Establishment of Funds.* There are established with the Fiscal Agent the following funds and accounts:

- (i) The Tax Exempt Note Fund;
- (ii) The Project Fund, and within the Project Fund a Note Proceeds Account and a Borrower Equity Account;
- (iii) The Expense Fund; and
- (iv) The Closing Costs 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 Loan Agreement shall be held by the Fiscal Agent in trust for the benefit of the Funding Lender, and except for money held in the Expense Fund, shall, while held by the Fiscal Agent, constitute part of the pledged Revenues and be subject to the lien hereof.

Section 5.02. Project Fund.

(a) All proceeds of the Tax Exempt Note provided by the Funding Lender shall be deposited to the Note Proceeds Account of the Project Fund and disbursed as herein provided. The Fiscal Agent shall disburse moneys in the Note Proceeds Account of the Project Fund for the acquisition and rehabilitation of the Project, to pay other Qualified Project Costs and to pay other costs related to the Project as provided herein. All funds deposited by or on behalf of the Borrower for credit to the Project Fund, and not otherwise transferred hereunder, shall be deposited to the Borrower Equity Account of the Project Fund and disbursed as requested by the Borrower pursuant to a requisition in the form of Exhibit C, numbered sequentially.

Not less than 95% of the moneys deposited in and credited to the Note Proceeds Account of the Project Fund representing the proceeds of the Tax Exempt Note, including investment income thereon, will be expended for Qualified Project Costs (the "95% Requirement"). The amounts on deposit in the Note Proceeds Account of the Project Fund shall not be applied to the payment of Closing Costs.

Before any payment shall be made from the Project Fund, the Regulatory Agreement shall have been executed and submitted to a title company for recordation in the official records of the County of Los Angeles and there shall be filed with the Fiscal Agent a requisition of the Borrower substantially in the form attached hereto as Exhibit C and approved in writing by (i) the Funding Lender pursuant to the terms, conditions and provisions of the Disbursing Agreement and (ii) the Governmental Lender. The Governmental Lender agrees that if the Governmental Lender has not objected in writing to any disbursement from the Note Proceeds Account or Borrower Equity Account 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 Note Proceeds Account or the Borrower Equity Account 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 requisition without the signature of the Governmental Lender, so long as it represents in such requisition that such failure to agree has occurred, and the Fiscal Agent shall pay it from the proceeds of the Tax Exempt Note or sums held in the Borrower Equity Account, as applicable.

In addition to the above, in connection with a requisition:

(i) Only the signature of an authorized officer of the Funding Lender and the Governmental Lender shall be required on a requisition during any period in which a default by the Borrower has occurred and is then continuing under the Loan (notice of which default has been given in writing by an authorized officer of the Funding Lender to the Fiscal Agent and the Governmental Lender, and the

Fiscal Agent shall be entitled to conclusively rely on any such Written Notice as to the occurrence and continuation of such a default).

(ii) The Fiscal Agent shall disburse amounts in the Project Fund upon receipt of a requisition signed only by the Funding Lender and the Governmental Lender, as applicable (and without any need for any signature by an authorized representative of the Borrower), so long as the amount to be disbursed is to be used solely to make payments of principal, interest and/or fees due under the Loan Documents, or to make payments directly to the Contractor (as defined in the Disbursing Agreement) for costs incurred under the construction contract, pursuant to the provisions of the Disbursing Agreement.

(iii) The Fiscal Agent may conclusively rely on all requisitions, the execution of the requisitions by an authorized representative of the Borrower and the approval of all requisitions by the Funding Lender and the Governmental Lender, as required by this Section, as conditions of payment from the Project Fund, which requisitions 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 requisition 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.

(b) Upon receipt of each requisition submitted by the Borrower and approved in writing by the Funding Lender and the Governmental Lender, as applicable, the Fiscal Agent shall promptly, but in any case within three Business Days, make payment from the appropriate account within the Project Fund in accordance with such requisition. The Fiscal Agent shall have no duty to determine whether any requested disbursement from the Note Proceeds Account or the Borrower Equity Account of the Project Fund complies with the terms, conditions and provisions of the Loan Documents, constitutes payment of Qualified Project Costs or complies with the 95% Requirement. The approval in writing of a requisition by the Funding Lender and the Governmental Lender, as applicable, shall be deemed a certification and, insofar as the Fiscal Agent and the Governmental Lender are concerned, shall constitute conclusive evidence that all of the terms, conditions and requirements of the Loan Documents applicable to such disbursement have been fully satisfied or waived and the requisition from the Borrower shall, insofar as the Fiscal Agent and the Governmental Lender, as applicable, are concerned, constitute conclusive evidence that the costs described in the requisition constitute Qualified Project Costs or other permitted Project costs.

The Fiscal Agent shall immediately provide Written Notice to the Borrower, the Funding Lender and the Governmental Lender if there are not sufficient funds available to

or on deposit with the Fiscal Agent to make the disbursements as and when required by this Section 5.02(b). Except as provided in the next sentence, all such payments shall be made by check or draft payable, or by wire transfer, either (i) directly to the person, firm or corporation to be paid, (ii) to the Borrower and such person, firm or corporation, or (iii) upon receipt by the Funding Lender and the Governmental Lender, as applicable, of evidence that the Borrower has previously paid such amount and written direction to the Fiscal Agent as to such as evidenced by the Funding Lender's and the Governmental Lender's approval, as applicable, of the requisition, to the Borrower. Upon the occurrence of an Event of Default of the Borrower of which the Fiscal Agent has knowledge as provided herein, which is continuing under the Loan Documents, with the written consent of the Funding Lender, the Fiscal Agent may apply amounts on deposit in the Note Proceeds Account or the Borrower Equity Account of the Project Fund to the payment of principal of and interest on the Tax Exempt Note. If a requisition signed by an authorized representative of the Borrower and countersigned by an authorized officer of the Funding Lender and the Governmental Lender is received by the Fiscal Agent, the requested disbursement shall be paid by the Fiscal Agent as soon as practicable, but in no event later than three Business Days following receipt thereof by the Fiscal Agent. Upon final disbursement of all amounts on deposit in the Project Fund, the Fiscal Agent shall close the Project Fund.

(c) Immediately prior to any mandatory prepayment of the Tax Exempt Note pursuant to the terms hereof, any amounts then remaining in the Note Proceeds Account or the Borrower Equity Account of the Project Fund shall, at the written direction of the Funding Lender, be transferred to the Tax Exempt Note Fund to be applied to the prepayment of the Tax Exempt Note pursuant hereto.

(d) Amounts on deposit in the Project Fund shall be invested in Permitted Investments directed in writing by the Borrower. Investment Income earned on amounts on deposit in each account of the Project Fund shall be retained in and credited to and become a part of the amounts on deposit in that account of the Project Fund.

(e) Amounts on deposit in the Tax Exempt Note Fund, Expense Fund and Closing Costs Fund shall be invested in Permitted Investments directed in writing by the Borrower. Investment income earned on amounts on deposit in each account of the Tax Exempt Note Fund, Expense Fund and Closing Costs Fund shall be retained in and credited to and become a part of the amounts on deposit in that account of the Tax Exempt Note Fund, Expense Fund and Closing Costs Fund.

The Fiscal Agent may make any and all investments permitted under this Funding Loan Agreement through its own trust or banking department or any affiliate and may pay said department reasonable, customary fees for placing such investments. The Fiscal Agent and its affiliates may act as principal, agent, sponsor, advisor or depository with respect to Permitted Investments under this Loan Agreement. The Fiscal Agent shall not be liable for any losses from investments made by the Fiscal Agent in accordance with this Loan Agreement.

The Governmental Lender, the Funding Lender and the Borrower acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Governmental Lender or the Funding Lender the right to receive brokerage confirmations of security transactions as they occur, the Governmental Lender and the Funding Lender will not receive such confirmations to the extent permitted by law. The Fiscal Agent shall furnish the Borrower, the Funding Lender and the Governmental Lender (to the extent requested by such parties) periodic cash transaction statements which shall detail for all investment transactions, if any, made by the Fiscal Agent hereunder.

The amounts received upon the sale of the Tax Exempt Note and interest and other investment earnings on those amounts shall be allocated and used for financing Qualified Project Costs of each building and related land in the Project so that the aggregate basis of each such building and related land, within the meaning of Section 42(h)(4) of the Code, shall be financed 50% or more from those amounts.

(f) The amounts advanced by the Fiscal Agent in accordance with the provisions of this Section and the date of each such advance shall be noted on Schedule A attached to the Tax Exempt Note.

(g) If the proceeds of the purchase of the Tax Exempt Note are not sufficient to pay in full the costs to be paid therefrom, the Borrower agrees, in order to fulfill the purposes of the Act, to pay all costs therefor in excess of the proceeds from the Tax Exempt Note. The Governmental Lender makes no warranty, express, or implied, that Tax Exempt Note proceeds will be sufficient to pay all costs of the Project.

(h) The Governmental Lender and the Borrower agree to cooperate in furnishing to the Fiscal Agent the documents that are required to effect advancements and disbursements of the Tax Exempt Note proceeds. Such obligation is in addition to any provisions of this Loan Agreement requiring additional documentation with respect to payments.

Section 5.03. Tax Exempt Note Fund. Except as otherwise may be provided in this Loan Agreement, the Tax Exempt Note Fund shall be used solely for the payment of the principal (including prepayments), interest, and any premium on the Tax Exempt Note, as and when the same shall become due. Moneys and any investments held as part of any such Tax Exempt Note Fund shall be held and applied as follows:

(a) Loan payments by the Borrower shall be deposited into the Tax Exempt Note Fund.

(b) There shall also be deposited in the Tax Exempt Note Fund proceeds from insurance or condemnation awards with respect to the Project to the extent such proceeds are not used to rebuild, repair or restore the Project. The Fiscal Agent shall use such amounts for the prepayment, without premium, of principal of the Tax Exempt Note immediately upon the earliest practicable prepayment date selected by the Funding Lender for the prepayment without further authorization from the Borrower or the Governmental Lender so as to exhaust such amounts to the extent possible. Any balance

remaining after such application shall be available for any purposes of the Tax Exempt Note Fund.

(c) After an Event of Default, sums received upon exercise of remedies by the Fiscal Agent or the Funding Lender shall be deposited in the Tax Exempt Note Fund and applied as provided in Section 11.07, except sums received by the Fiscal Agent for its own account and by the Governmental Lender pursuant to its Reserved Rights.

Section 5.04. Expense Fund. The Fiscal Agent shall deposit in the Expense Fund the amounts required by the Regulatory Agreement or this 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. In that regard, moneys in the Expense Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent to pay (a) on each [_____] 1 and [_____] 1, commencing [_____] 1, 2015, or at the direction of the Governmental Lender, the Governmental Lender Fee, (b) on each [_____] 1, commencing [_____] 1, 2015, to the Fiscal Agent amounts due pursuant to subpart (a) of the definition of "Fiscal Agent's Fees" herein, (c) 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 (b) hereof, (d) 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 (a) hereof and (e) following delivery of the rebate report described in Section 5.06 below, to the Rebate Analyst, the Rebate Analyst's Fee.

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 within two Business Days to the Fiscal Agent of the amount of such deficiency.

Written notice of any insufficiency, which results 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 respective 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 5.05. 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 CDIAC 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 the 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 five months after the Closing Date, shall be paid to the Borrower Equity Account of the Project Fund and the Closing Costs Fund shall be closed.

Section 5.06. Rebate.

(a) ***Payment of Rebate to the United States.***

(i) At any time when any amount required to be paid under Section 148(f) of the Code and the regulations thereunder (the "Rebate Provision") is due, the Borrower shall pay to the United States on behalf of the Governmental Lender the full amount then required to be paid under the Rebate Provision. Within 60 days after the Tax Exempt Note have been paid in full, the Borrower shall pay to the United States on behalf of the Governmental Lender the full amount then required to be paid under the Rebate Provision. Each such payment shall be made to such location specified by the Internal Revenue Service, accompanied by a Form 8038-T (or other similar information reporting form) prepared by the Borrower.

(ii) No later than 15 days prior to each date on which a payment could become due under Section 5.06(a)(i) (a "Rebate Payment Date"), the Borrower shall deliver to the Governmental Lender and the Fiscal Agent a report of the Rebate Analyst stating that either no rebate amount is required to be paid or specifying the amount then required to be paid pursuant to Section 5.06(a)(i). If the report specifies an amount to be paid, (A) such report shall be accompanied by a completed Form 8038-T, which is to be signed by an officer of the Governmental Lender, and (B) no later than 10 days after the Rebate Payment Date, the Borrower shall furnish to the Governmental Lender and the Fiscal Agent a certificate stating that such amount has been timely paid.

(b) ***Records.*** The Borrower and the Fiscal Agent shall keep such records as will enable it to fulfill its responsibilities under this Section and the Rebate Provision.

(c) ***Interpretation of This Section.*** The purpose of this Section 5.06 is to satisfy the requirements of the Rebate Provision. Accordingly, this Section shall be construed so as to meet such requirements. The Borrower covenants that all action taken under this Section shall be taken in a manner that complies with the Rebate Provision and that it shall neither take any action nor omit to take any action that would cause the Tax Exempt Note to be an "arbitrage bond" within the meaning of Section 148 of the Code by reason of the failure to comply with the Rebate Provision. To the extent any payment of rebatable arbitrage or penalty in lieu of rebate is not timely made to the United States, the Borrower shall pay to the United States on behalf of the Governmental Lender

any correction amount, interest, penalty, or other amount necessary to prevent the Tax Exempt Note from becoming an "arbitrage bond." The Borrower covenants that to the extent necessary it shall obtain the advice and assistance of experts to aid it in complying with the Rebate Provision.

Section 5.07. Avoidance of Arbitrage. The Borrower agrees to restrict the use of Tax Exempt Note proceeds in such manner and to such extent as necessary to assure that the Tax Exempt Note will not constitute arbitrage bonds under Section 148 of the Code. Any officer of the Governmental Lender having responsibility with respect to the issuance of the Tax Exempt Note is authorized and directed, alone or in conjunction with any other officer, employee, or consultant of the Governmental Lender or the Borrower, to give an appropriate certificate on behalf of the Governmental Lender, for inclusion in the transcript of proceedings for the Tax Exempt Note, setting forth the facts, estimates and circumstances, and reasonable expectations pertaining to Section 148 of the Code.

Section 5.08. Authorized Application of Funds; Moneys To Be Held in Trust. The Fiscal Agent is authorized to apply the Funds and accounts established hereunder as provided in this Loan Agreement. All moneys deposited with the Fiscal Agent hereunder shall be held by the Fiscal Agent in trust but need not be segregated from other funds except as required by law or by this Loan Agreement. The Fiscal Agent will withdraw sufficient funds from the Tax Exempt Note Fund to pay principal of, premium, if any, and interest on the Tax Exempt Note on behalf of the Governmental Lender as the same become due and payable.

Section 5.09. Tax Exempt Note Is Not a General Obligation.

(a) The Tax Exempt Note is not an obligation, either general or special, and does not constitute a pledge of the general credit or taxing power, of the City of Los Angeles, the State of California or any political subdivision thereof, but is payable solely from the Revenues and property pledged therefor in this Loan Agreement, and neither the City of Los Angeles, the State of California nor any such political subdivision thereof shall be liable thereon.

(b) No member, officer, agent, employee or attorney of the City of Los Angeles, including any person executing this Loan Agreement or the Tax Exempt Note shall be liable personally on the Tax Exempt Note or for any reason relating to the issuance of the Tax Exempt Note. No recourse shall be had for the payment of the principal of or the interest on the Tax Exempt Note, or for any claim based on the Tax Exempt Note, or otherwise in respect of the Tax Exempt Note, or based on or in respect of this Loan Agreement or any supplemental loan agreement, against any member, officer, employee or agent, as such, of the City of Los Angeles 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 the Tax Exempt Note and as part of the consideration for the issue of the Tax Exempt Note, expressly waived and released.

(c) The Tax Exempt Note, together with interest thereon, and redemption premium, if any: (i) is a special, limited obligation of the City of Los Angeles secured by

the revenues and other funds provided under this Loan Agreement, is and shall always be payable solely from the revenues and other funds provided under this Loan Agreement; (ii) shall always be a valid claim of the owner thereof only against the revenues and other funds provided under this Loan Agreement, which revenues and other funds shall be used for no other purpose than to pay the principal installments of, redemption premium, if any, and interest on the Tax Exempt Note, except as may be expressly authorized otherwise in this Loan Agreement; (iii) shall never constitute nor give rise to a pecuniary liability of the City of Los Angeles, or of the State of California or any political subdivision thereof; and (iv) shall not constitute a general obligation of or a charge against the general credit of the City of Los Angeles, but shall be a special, limited obligation of the City of Los Angeles payable solely from the sources described in this Indenture, but not otherwise.

(d) The Tax Exempt Note has been issued pursuant to the Law and in accordance with the Act.

ARTICLE VI

COMPLETION OF THE PROJECT

Section 6.01. Borrower's Obligations To Complete Project, Etc. The Borrower shall pay the costs of the Project from the proceeds of the Tax Exempt Note to the extent available therefor and will pay the remaining costs of the Project, if any, from its own funds.

Section 6.02. Completion Certificate. Completion of the Project shall be evidenced to the Fiscal Agent by the delivery of a certificate, signed by an authorized representative of the Borrower specifying the date by which the Project has been completed and that all costs of the Project have been paid, or that the Project has been abandoned and the date on which abandoned (the "Completion Certificate"). The Borrower shall provide the Fiscal Agent with a Completion Certificate promptly upon completion or abandonment of the Project, as applicable.

ARTICLE VII

OPERATION OF THE PROJECT

Section 7.01. The Inducement. The Loan will induce the Borrower to establish, expand, or maintain its facilities in the State.

Section 7.02. Use of Project.

(a) **Compliance With Law.** In the acquisition, rehabilitation, maintenance, improvement and operation of the Project, the Borrower covenants that it has complied and will comply with all applicable building, zoning, land use, environmental protection, sanitary and safety laws, rules and regulations, and all applicable grant, reimbursement and insurance requirements, and will not permit a nuisance thereon; but it shall not be a breach of this subsection if the Borrower fails to comply with such laws, rules, regulations and requirements during any period in which the Borrower is diligently and in good faith contesting the validity thereof, provided that the security created or intended

to be created hereby is not, in the opinion of the Funding Lender, unreasonably jeopardized thereby.

(b) ***Payment of Lawful Charges.*** The Borrower shall make timely payment of all taxes and assessments and other municipal or governmental charges and all claims and demands for work, labor, services, materials or other objects which, if unpaid, might by law become a lien on the Project or any part thereof; but it shall not be a breach of this subsection if the Borrower fails to pay any such item during any period in which the Borrower is diligently and in good faith contesting the validity thereof, provided that the laws applicable to contesting its validity do not require payment thereof and proceedings for a refund and that the security created or intended to be created hereby is not, in the opinion of the Funding Lender, unreasonably jeopardized thereby.

(c) ***Permitted Purposes.*** The Borrower agrees that the Project shall be used only for the purposes described in the Act. The Borrower acknowledges that it is fully familiar with the physical condition of the Project and that it is not relying on any representation of any kind by the Governmental Lender or the Fiscal Agent concerning the nature or condition thereof. Neither the Governmental Lender nor the Fiscal Agent shall be liable to the Borrower or any other Person for any latent or patent defect in the Project.

ARTICLE VIII

REPRESENTATIONS AND AGREEMENTS OF GOVERNMENTAL LENDER

Section 8.01. Due Organization and Authorization of Tax Exempt Note. The Governmental Lender represents and warrants as follows:

(a) It is a municipal corporation and charter city of the State of California, with the power under and pursuant to the Law and the Act to execute and deliver this Loan Agreement and to perform its obligations hereunder, and to issue and sell the Tax Exempt Note pursuant to this Loan Agreement.

(b) It has duly authorized the execution and delivery of this Loan Agreement and the Tax Exempt Note, to issue the Tax Exempt Note and receive the proceeds of the Tax Exempt Note, to apply the proceeds of the Tax Exempt Note to loan the proceeds thereof, to assign the revenues derived and to be derived by the Governmental Lender from such loan to the Fiscal Agent, and to perform and observe the provisions of the Loan Documents to which it is a party and the Tax Exempt Note on its part to be performed and observed.

(c) The Governmental Lender has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Tax Exempt Note and the Loan Documents to which it is a party, at or prior to the date hereof.

(d) The Governmental Lender makes no other representations or warranties, either express or implied, of any nature or kind, including, without limitation, a

representation or warranty that interest on the Tax Exempt Note is or will continue to be exempt from federal or state income taxation.

Section 8.02. Covenant as to Payment; Faith and Credit of the Governmental Lender and the State Not Pledged. The Governmental Lender covenants that it will promptly pay or cause to be paid the principal of, interest, premium, if any, and other charges, if any, on the Tax Exempt Note at the place, on the dates and in the manner provided herein and in the Tax Exempt Note; provided, however, that the Tax Exempt Note does not now and shall never constitute nor give rise to a pecuniary liability of the City of Los Angeles, or of the State of California or any political subdivision thereof, and all covenants and undertakings by the Governmental Lender hereunder and under the Tax Exempt Note to make payments are special obligations of the Governmental Lender payable solely from the revenues and funds pledged hereunder. The Governmental Lender agrees that the Funding Lender (or the Fiscal Agent at the direction of the Funding Lender) may enforce all rights of the Governmental Lender (except the Reserved Rights) and all obligations of the Borrower hereunder, whether or not the Governmental Lender is in default hereunder.

Section 8.03. Rights and Duties of the Governmental Lender.

(a) ***Remedies of the Governmental Lender.*** Notwithstanding any contrary provision in this Loan Agreement, the Governmental Lender shall have the right to take any action not prohibited by law or make any decision not prohibited by law with respect to proceedings for indemnity against the liability of the Governmental Lender and its officers, board members, employees or agents and for collection or reimbursement of moneys due to it under this Loan Agreement for its own account. The Governmental Lender may enforce its rights under this Loan Agreement, which have not been assigned to the Fiscal Agent by legal proceedings, for the specific performance of any obligation contained herein or for the enforcement of any other legal or equitable remedy, and may recover damages caused by any breach by the Borrower of its obligations to the Governmental Lender under this Loan Agreement, including court costs, reasonable attorney's fees and other costs and expenses incurred in enforcing such obligations.

(b) ***Limitations on Actions.*** Without limiting the generality of Section 8.03(c), the Governmental Lender shall not be required to monitor the financial condition of the Borrower and shall not have any responsibility or other obligation with respect to reports, notices, certificates or other documents filed with it hereunder.

(c) ***Responsibility of the Governmental Lender and the Fiscal Agent.*** The Governmental Lender and Fiscal Agent and their officers, directors, board members, employees and agents shall be entitled to the advice of counsel (who may be counsel for any party) and shall not be liable for any action taken or omitted to be taken in good faith in reliance on such advice. Each of them may rely conclusively on any communication or other document furnished to it under this Loan Agreement and reasonably believed by it to be genuine. No such Person shall be liable for any action (i) taken in good faith and reasonably believed to be within the discretion or powers conferred upon such Person, (ii) in good faith omitted to be taken because reasonably believed to be beyond the discretion or powers conferred upon such Person, (iii) taken pursuant to any direction or

instruction by which such Person is governed under this Loan Agreement or (iv) omitted to be taken by reason of the lack of direction or instruction required for such action, nor shall such Person be responsible for the consequences of any error of judgment reasonably made by such Person. Neither the Governmental Lender nor the Fiscal Agent shall in any event be liable for the application or misapplication of funds, or for other acts or defaults by any Person except its own directors, board members, officers and employees. When any consent or other action by the Governmental Lender or Fiscal Agent is called for by this Loan Agreement, the Governmental Lender or Fiscal Agent, as the case may be, may defer such action pending such investigation or inquiry or receipt of such evidence, if any, as it may require in support thereof. Neither the Governmental Lender nor the Fiscal Agent shall be required to take any remedial action (other than the giving of notice) unless reasonable indemnity is provided for any expense or liability to be incurred thereby. Each of the Governmental Lender and the Fiscal Agent, as the case may be, shall be entitled to reimbursement for expenses reasonably incurred or advances reasonably made, with interest at the "prime rate" of the Fiscal Agent, as announced from time to time (or, if none, the nearest equivalent), in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act shall be construed as a requirement to act; and no delay in the exercise of any such right or power shall affect the subsequent exercise of that right or power. The Governmental Lender shall not be required to take notice of any breach or default by the Borrower under this Loan Agreement except when given notice thereof by the Fiscal Agent. No recourse shall be had by the Borrower, the Fiscal Agent or the Funding Lender for any claim based on this Loan Agreement, the Tax Exempt Note or any agreement securing the same against any director, board member, agent or employee of the Governmental Lender alleging personal liability on the part of such Person unless such claim is based upon the willful dishonesty of or intentional violation of law by such Person. No covenant, stipulation, obligation or agreement of the Governmental Lender or Fiscal Agent contained in this Loan Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future director, officer, employee or agent of the Governmental Lender or Fiscal Agent, as the case may be, in his or her individual capacity, and no Person executing a Tax Exempt Note shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

Without limiting the generality of the foregoing, the Borrower acknowledges that in the event of an examination, inquiry or related action by the Internal Revenue Service with respect to the Tax Exempt Note or the exclusion of interest thereon from the gross income of the holders thereof for federal income tax purposes, the Governmental Lender may be treated as the responsible party, and the Borrower agrees to respond promptly and thoroughly to the satisfaction of the Governmental Lender to such examination, inquiry or related action on behalf of and at the direction of the Governmental Lender. The Borrower further agrees to pay all costs of counsel selected by the Governmental Lender and Fiscal Agent to represent the Governmental Lender or Fiscal Agent in connection with such examination, inquiry or related action. The Borrower shall indemnify and hold harmless the Governmental Lender and Fiscal Agent against any and all costs, losses, claims, penalties, damages or liability of or resulting from such examination, inquiry or related

action by the Internal Revenue Service, including any settlement thereof by the Governmental Lender.

(d) ***Financial Obligations.*** Nothing contained in this Loan Agreement is intended to impose any pecuniary liability on the Governmental Lender nor shall it in any way obligate the Governmental Lender to pay any debt or meet any financial obligations to any Person at any time in relation to the Project except from moneys received under the provisions of this Loan Agreement or from the exercise of the Governmental Lender's rights hereunder other than moneys received for its own purposes.

(e) ***Compliance With Federal Tax Certificate.*** The Governmental Lender will comply with all provisions of the Federal Tax Certificate, which provisions are incorporated herein by reference.

ARTICLE IX

REPRESENTATIONS OF THE BORROWER

The Borrower represents and warrants and covenants, as follows:

Section 9.01. Due Organization, Etc.

(a) The Borrower is a limited partnership duly organized, validly existing, and in good standing under the laws of the State.

(b) The Borrower has all necessary powers adequate for the execution, delivery, and performance of its obligations under each of the Loan Documents and for carrying on the business now conducted by it. The Borrower has taken all necessary action required to authorize the execution on its part of this Loan Agreement, the Loan Documents, and the documents and instruments executed in connection herewith and therewith. When executed and delivered by the parties thereto, this Loan Agreement and each of the Loan Documents will each constitute a valid and binding agreement of the Borrower and be enforceable in accordance with its terms.

(c) The Borrower shall not merge or consolidate with or sell all or substantially all of its assets to another Person, except that the Borrower may so merge or consolidate with or sell all or substantially all of its assets to another Person if (i) the surviving or transferee Person is qualified to do business in the State, (ii) the surviving or transferee Person (if not such Borrower) has assumed in writing all of such Borrower's obligations hereunder, (iii) upon such assumption there will not be a Default hereunder, and (iv) the Fiscal Agent and the Governmental Lender receive an opinion of Tax Exempt Note Counsel to the effect that such merger, consolidation or transfer does not, in and of itself, adversely affect the exclusion from gross income of the interest paid on the Tax Exempt Note for federal income tax purposes.

Section 9.02. Tax Status.

(a) The Borrower shall not take or omit to take any action if such action or omission (i) would cause the Tax Exempt Note to be an “arbitrage bond” under Section 148 of the Code, (ii) would cause the Tax Exempt Note to not meet any of the requirements of Section 149 of the Code, or (iii) would cause the Tax Exempt Note to cease to be an “exempt facility bond” under Section 142 of the Code.

(b) The Borrower shall not sell, lease (except for leases to residential tenants), transfer, or otherwise dispose of any portion of the property financed or refinanced with the proceeds of the Tax Exempt Note except personal property after the end of its useful life, without the consent of the Fiscal Agent and further provided that unless at the time of any such sale, lease, transfer, or disposition, the Borrower shall deliver to the Governmental Lender and the Fiscal Agent an opinion of Tax Exempt Note Counsel addressed to and reasonably satisfactory to the Governmental Lender and the Fiscal Agent that such sale, lease, transfer, or other disposition will not, in and of itself, adversely affect the exclusion of the interest on the Tax Exempt Note from the gross income of the owner thereof for federal income tax purposes, which opinion may include a requirement that a portion of the Tax Exempt Note be prepaid. No sale, lease, transfer, or other disposition of the Project shall relieve the Borrower of any of its obligations under this Agreement.

(c) The Borrower will comply with the Regulatory Agreement, including, without limitation, the Borrower’s obligations in the Regulatory Agreement to correct any noncompliance with the low income occupancy requirements set forth in the Regulatory Agreement within 60 days (or, to the extent provided in Section 18 of the Regulatory Agreement, such longer period) of the date it became aware or should have become aware of such noncompliance. In addition to its other obligations under this paragraph, promptly upon becoming aware of a violation of the Regulatory Agreement, the Borrower shall consult with Tax Exempt Note Counsel and shall diligently pursue any remedy available to the Borrower under the Regulatory Agreement as Tax Exempt Note Counsel shall advise in writing is necessary or appropriate to avoid jeopardizing the excludability of the interest on the Tax Exempt Note from gross income for federal income tax purposes.

(d) The Borrower shall deliver a “Certificate of Continuing Program Compliance” in the form contained in the Regulatory Agreement at the times required by the Regulatory Agreement. If such certificate states that the Borrower is not in compliance with the provisions of the Regulatory Agreement the certificate shall also state what action the Borrower is taking to comply with such provisions whether the Borrower has consulted with Tax Exempt Note Counsel as provided in the above paragraph and whether such action constitutes all actions advised in writing by Tax Exempt Note Counsel as appropriate to avoid jeopardizing the excludability of the interest on the Tax Exempt Note from gross income for federal income tax purposes.

Section 9.03. Legal Proceedings. There is no action, suit, proceeding, or investigation at law or in equity before or by any court or public board or body pending or, to the knowledge of

the Borrower, threatened against the Borrower, wherein an unfavorable decision, ruling, or finding could in any material respect adversely affect the transactions contemplated by the Loan Documents, or which in any way would adversely affect the validity of any of the Loan Documents. There are no actions, suits, or proceedings pending or, to the knowledge of the Borrower, threatened against the Borrower, at law or in equity or before or by any federal, state, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality, which may result in any material adverse change to the business, properties, or assets or in the condition, financial or otherwise of the Borrower.

Section 9.04. Compliance With Law; Consents, Etc.

(a) The Borrower is not in violation of any term or provision of its certificate of organization or operating agreement, nor in violation of any term or provision of any mortgage, lease, agreement, or other instrument which is material to its business or assets, or of any judgment or decree by which it is bound or to which it or any of its assets is subject. The execution, delivery, and performance of and compliance with the Loan Documents by the Borrower (i) will not require any consent of any third party not obtained prior to the Closing Date in order for the Borrower to fulfill its obligations hereunder or under any of the other Loan Documents, and (ii) will not conflict with violate or constitute a default under the certificate of organization or operating agreement of the Borrower or of any material term or provision of any mortgage, lease, agreement, or other instrument, or of any judgment or decree by which the Borrower is bound or to which any of its assets is subject, or result in, or require, the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance of any nature (other than as provided under the Loan Documents) upon or with respect to any of the properties now owned or hereafter acquired by the Borrower.

(b) The Borrower is in compliance with all requirements of law, federal, state and local, and all requirements of all governmental authorities having or claiming jurisdiction over it, the conduct of its business and the use of its properties and assets, as presently conducted and used, and all premises occupied by it, all to the extent that failure to comply with any of which could (singly or in the aggregate with all other such failures) have a Material Adverse Effect. The Borrower and each of its facilities are in compliance with all applicable life-safety codes and other laws, ordinances, codes, rules and regulations and the requirements of the reimbursement policies of the State, all to the extent that failure to comply with any of same could (singly or in the aggregate) have a Material Adverse Effect. The Borrower has not received any written notice, not heretofore complied with, from any governmental authority or any insurance, accreditation or inspection body that any of its properties, facilities, equipment, procedures or practices fails to comply in any material respect with any applicable legal requirement or any other requirement of any such authority or body. The Borrower possesses all licenses, permits, and certifications which are required to conduct its activities and businesses as now conducted, the failure of which to possess would have a Material Adverse Effect.

(c) No approval by, authorization of, or filing with any federal, state, municipal, or other governmental commission, board, or agency or other governmental

authority is necessary in connection with the execution and delivery of the Loan Documents by the Borrower and consummation of the transactions contemplated thereby, except for necessary approvals under the Act and under applicable state securities or "blue sky" laws, which have been, or by the time of delivery of the Tax Exempt Note will have been, obtained.

(d) The Borrower shall comply with all provisions of the Federal Tax Certificate, which provisions are incorporated herein by reference.

(e) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and no part of the proceeds of the Tax Exempt Note will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock or in any other manner which would involve a violation of any of the regulations of the Board of Governors of the Federal Reserve System. The Borrower is not an "investment company" nor the "affiliate" of an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

Section 9.05. No Adverse Tax Actions. The Borrower has not taken and has no present intention of taking any action, and knows of no action taken or intended, which would cause interest on the Tax Exempt Note to be includable in the gross income of the Funding Lender for federal income tax purposes.

Section 9.06. The Project, Etc.

(a) The Tax Exempt Note constitutes an "exempt facility bond" under Section 142(a) of the Code, as at least 95% of the net proceeds thereof will be used to pay Qualified Project Costs. Not less than [40]% of the rental apartment units comprising each "qualified residential rental project" will be available for occupancy by households whose income does not exceed [60]% of area median gross income, adjusted for family size.

(b) All of the proceeds of the Tax Exempt Note shall be used solely for financing the acquisition, construction, rehabilitation or development of multifamily rental housing as permitted by the Act.

(c) The weighted average maturity of the Tax Exempt Note does not exceed 120% of the average reasonably expected economic life of the Project determined pursuant to Section 147(b) of the Code.

(d) No portion of the proceeds of the Tax Exempt Note is to be used to provide any of the following: airplane, skybox, or other private luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(e) No more than 2% of the proceeds of the Tax Exempt Note will be used to pay Closing Costs.

Section 9.07. Adequacy of Disclosure; Continuing Disclosure. Neither this Loan Agreement nor any other document, certificate, or statement furnished to the Funding Lender or the Governmental Lender by the Borrower in connection with the transactions contemplated hereby or thereby contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. The Borrower will comply with any continuing disclosure requirements under Rule 15c2-12 of the Rules and Regulations under the Securities Exchange Act of 1934, as amended, as such rule may apply to the Tax Exempt Note from time to time. The Governmental Lender shall have no liability to the Owner of the Tax Exempt Note or any other Person with respect to such disclosure matter. The Borrower and the Funding Lender shall enter into the Continuing Disclosure Agreement to provide for the continuing disclosure of information about the Tax Exempt Note, the Borrower and other matters as specifically provided for in such agreement, regardless of whether the Tax Exempt Note is subject to Rule 15c2-12.

Section 9.08. Taxes. The Borrower has filed or caused to be filed all federal, state, and local tax returns which are required to be filed, and has paid or caused to be paid all taxes as shown on said returns or any assessment received by it, to the extent that such taxes have become due.

Section 9.09. Solvency. After giving effect to the transactions contemplated hereby, the Borrower (a) will be able to pay its debts as they become due, (b) will have funds and capital sufficient to carry on its business as now conducted and as intended to be conducted, (c) owns property having a value both at fair valuation and at present fair salable value greater than the amount required to pay its debts as they become due, and (d) is not insolvent and will not be rendered insolvent as determined by applicable law.

ARTICLE X

CERTAIN AGREEMENTS OF THE BORROWER

The Borrower agrees as follows:

Section 10.01. Borrower To Make Loan Payments Sufficient To Meet Debt Service on Tax Exempt Note and Additional Payments.

(a) **Loan Payments.** The Borrower agrees to pay on or before each Payment Date as a Loan payment, to the Fiscal Agent for deposit into the Tax Exempt Note Fund, a sum in immediately available funds equal to all such payments due on the Tax Exempt Note on such Payment Date less amounts in immediately available funds already on deposit in the Tax Exempt Note Fund and available for such purpose, if any.

The Loan payments payable under the preceding paragraph shall be sufficient to pay the total principal of, premium, if any, and interest on the Tax Exempt Note as and when due. The Borrower shall not be required to make any Loan payment to the extent its application would result in an excess in the Tax Exempt Note Fund over the amounts necessary to meet obligations then due and payable from the Tax Exempt Note Fund plus any additional amounts then required to be maintained in the Tax Exempt Note Fund.

The Borrower also agrees to pay any late fee as provided in the form of Tax Exempt Note attached hereto as Exhibit A.

(b) ***Additional Payments.*** The Borrower agrees to pay on demand (by the Governmental Lender or the Fiscal Agent, as the case may be) Additional Payments as follows:

(i) To the Governmental Lender, as reimbursement for all costs, expenses, and liabilities paid or incurred by the Governmental Lender (including the reasonable fees and expenses of the Governmental Lender's attorneys) in satisfaction of any obligations of the Borrower not performed by the Borrower as required hereunder;

(ii) To the Governmental Lender, as reimbursement for or prepayment of all costs, expenses, and liabilities paid or incurred or to be paid or incurred by the Governmental Lender (including the reasonable fees and expenses of the Governmental Lender's attorneys) or any of its directors, officers, employees, or agents at the request of the Borrower or as required by this Loan Agreement or the Act, other than any rebates due to the United States of America under Section 148(f) of the Code on account of moneys and investments held by the Governmental Lender; and

(iii) To the Fiscal Agent, its reasonable fees and expenses as Fiscal Agent, bond registrar, including, but not limited to, the reasonable fees and expenses of its attorneys and agents, and any other amounts due to the Fiscal Agent under this Loan Agreement.

(c) ***Determination of Taxability.*** Within 45 days after a notice of a Determination of Taxability by the Funding Lender to the Borrower, the Fiscal Agent and the Governmental Lender, the Borrower shall pay to the Funding Lender an amount equal to (i) the difference (plus interest thereon compounded at an annual rate equal to the Taxable Rate) between (A) the total amount of interest on the Tax Exempt Note which would have been payable to the Funding Lender at the Taxable Rate and (B) the total amount of interest actually paid, during all periods prior to the Determination of Taxability for which federal income tax is collectible with respect to interest on the Tax Exempt Note, plus (ii) an amount which, after payment by the Funding Lender of all taxes incurred in respect of the receipt by the Funding Lender of such amount shall be equal to all penalties, interest and other assessments payable in respect of federal or state or local taxes by the Funding Lender resulting from inclusion of interest on the Tax Exempt Note in the gross income of the Funding Lender for tax purposes. Upon receiving notice of a Determination of Taxability, the Fiscal Agent shall direct the Funding Lender to present the Tax Exempt Note for notation indicating the change of interest rate and the Funding Lender shall provide a revised amortization schedule, if any, to the Fiscal Agent, such new rate and schedule, if any, to be computed by the Funding Lender. Absent manifest error, the revised amortization schedule provided by the Funding Lender in connection with such Determination of Taxability shall be binding on the Governmental Lender, the Borrower, the Fiscal Agent and the Funding Lender. A

claim for additional interest resulting from a Determination of Taxability shall not be transferable by transfer of the Tax Exempt Note but may be assigned in writing with notice to the Fiscal Agent.

The Funding Lender shall not be required to appeal or resort to further administrative or judicial proceedings seeking to reverse any governmental assertion or conclusion that interest is taxable, provided that if the Borrower provides indemnity satisfactory to the Funding Lender for its costs and expenses, the Funding Lender shall cooperate with the Borrower in any administrative or judicial proceeding the Borrower may initiate for the purpose of reversing any such assertion or conclusion. A Determination of Taxability under this Section 10.01(c) shall be conclusive as to the Borrower, the Governmental Lender, the Fiscal Agent and the Funding Lender or a former Funding Lender for the purposes of this Loan Agreement and the Tax Exempt Note, but neither such determination nor this sentence shall be construed as an admission or waiver of any kind in any governmental proceeding relating to any federal tax liability of any person.

(d) ***Obligations Unconditional.*** The Borrower's obligations to make the payments required by this Loan Agreement shall be absolute and unconditional and shall not be subject to any right of recoupment or setoff. Until this Loan Agreement has terminated and ceased to have effect, the Borrower will not (i) suspend or discontinue any payments required by this Loan Agreement, or (ii) fail to fulfill and observe any of its other agreements contained in this Loan Agreement (including, without limiting the generality of the foregoing, failure to complete the Project) for any cause or reason, including, but not limited to, the occurrence of any acts or circumstances that may constitute failure of consideration, any delay, defect, failure of title, eviction, or constructive eviction of the Borrower or any tenant, destruction of or damage to the Project, commercial frustration of purpose, any defense, setoff, or counterclaim which the Borrower may have or assert against the Fiscal Agent, the Funding Lender or any other Person, invalidity of the Tax Exempt Note, any change in the tax or other laws or administrative rulings of or administrative actions by or under authority of the United States of America, the State or any other governmental authority, or any failure of the Governmental Lender to perform and observe any agreement, whether express or implied. The Borrower shall be obligated to make such payments regardless of whether it is in possession or entitled to be in possession of the Project.

Section 10.02. Borrower To Maintain Its Legal Existence; Borrower's Present Business. The Borrower will maintain its legal existence and/or qualification under the laws of the State. The Borrower will continue to conduct in the ordinary course the business in which it is presently engaged and will not directly or indirectly enter into any other lines of business, businesses or ventures not substantially related to the Borrower's activities as at the Closing Date.

Section 10.03. Indemnification by Borrower.

(a) (i) ***Indemnification of Governmental Lender.*** The Borrower, regardless of any agreement to maintain insurance, will indemnify the Governmental Lender including any person at any time serving as officers, members of its governing body, directors, agents, officials, employees, counsel, attorneys and agents, past, present

and future and any person who controls Governmental Lender within the meaning of the Securities Act of 1933, harmless from and against, any and all losses, claims, damages, demands, liabilities and expenses (including reasonable attorney's fees and expenses), taxes (other than income taxes payable by any party as a result of any fees payable to such parties in connection with the transaction contemplated hereby), causes of action, suits, claims, demands and judgments of any nature, joint or several, by or on behalf of any Person arising out of:

(A) the transactions provided for in the Loan Documents or otherwise in connection with the Project, the Tax Exempt Note, the Loan or the execution and delivery or amendment of any other document entered into in connection with the transactions provided for in the Loan Documents (provided no indemnity shall be required for claims due to nonpayment of the Loan);

(B) the approval of the financing for the Project or the making of the Loan;

(C) the issuance and sale of the Tax Exempt Note or any certifications or representations made by any person other than the party seeking indemnification;

(D) any and all claims arising in connection with the interpretation, performance, enforcement, breach, default or amendment of the Loan Documents or any other documents relating to the Project or the Tax Exempt Note or in connection with any federal or state tax audit or any questions or other matters arising under such documents (provided no indemnity shall be required for claims due to nonpayment of the Loan);

(E) the carrying out by Borrower of any of the transactions provided for in the Loan Documents;

(F) Fiscal Agent's acceptance or administration of the trusts created by this Loan Agreement or the exercise of its powers or duties under this Loan Agreement, the Regulatory Agreement or any other agreements to which it is a party or otherwise in connection with the transactions provided for in the Loan Documents except for claims arising from Fiscal Agent's administration where such is a result of actions contrary to Fiscal Agent's duties and obligations;

(G) any and all claims arising in connection with the issuance and sale of the Tax Exempt Note or any certifications or representations made by any person other than the indemnified party seeking indemnification, including, without limitation, any statement or information made by Borrower with respect to Borrower or the Project in any offering document or materials regarding the initial offering of the Tax Exempt (in connection with its issuance under this Loan Agreement), the Project or

Borrower or the Federal Tax Certificate or any other certificate executed by Borrower which, at the time made, is misleading, untrue or incorrect in any material respect and any untrue statement or alleged untrue statement of a material fact relating to Borrower or the Project contained in any offering material relating to the initial offering of the Tax Exempt Note, as from time to time amended or supplemented with information provided by Borrower, or arising out of or based upon the omission or alleged omission to state in such offering material a material fact relating to Borrower or the Project required to be stated in such offering material or necessary in order to make the statements in such offering material not misleading, or failure to properly register or otherwise qualify the sale of the Tax Exempt Note or failure to comply with any licensing or other law or regulation which would affect the manner in which or to whom the Tax Exempt Note could be sold and the carrying out by Borrower of any of the transactions contemplated by the Loan Documents;

(H) Borrower's failure to comply with any requirement of this Loan Agreement or the Regulatory Agreement (provided no indemnity shall be required for claims due to nonpayment of the Loan);

(I) any act or omission of Borrower or any of its agents, servants, employees or licensees in connection with the Loan or the Project, including violation of any law, ordinance, court order or regulation affecting the Project or any part of it or the ownership, occupancy or use of it (provided no indemnity shall be required for claims due to nonpayment of the Loan);

(J) any damage or injury, actual or claimed, of whatsoever kind, cause or character, to property (including loss of use of property) or persons, occurring or allegedly occurring in, on or about the Project or arising out of any action or inaction of Borrower, whether or not related to the Project, or resulting from or in any way connected with the acquisition, rehabilitation and construction or management of the Project, the issuance of the Tax Exempt Note or otherwise in connection with transactions contemplated or otherwise in connection with the Project, the Tax Exempt Note or the execution or amendment of any document relating to the Project or the Tax Exempt Note;

(K) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project; and

(L) any and all claims arising in connection with the operation of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or supervision of work done in or about, or from the planning, design, acquisition, rehabilitation, construction, repair or equipping of, the Project or any part of it, including, but not limited to, the

Americans with Disabilities Act, if applicable (as evidenced by an architect's certificate to such effect).

(ii) This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought with respect to such claim, except to the extent such damages are caused by the willful misconduct of the Governmental Lender.

(iii) In the event that any action or proceeding is brought against any indemnified party with respect to which indemnity may be sought under this Section 10.03(a), Borrower, upon written notice from an indemnified party, shall assume the investigation and defense of the action or proceeding, including the employment of counsel selected by Borrower, subject to the approval of such indemnified party, which approval shall not be unreasonably withheld, conditioned or delayed, and shall assume the payment of all expenses related to the action or proceeding, with full power to litigate, compromise or settle the same in its sole discretion, provided that Governmental Lender shall have the right to review and approve or disapprove any such compromise or settlement. Each indemnified party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense of the action or proceeding, and Borrower shall be obligated to pay the reasonable fees and expenses of such separate counsel if (i) the indemnified party, upon the advice of counsel, determines that a conflict of interest exists between the interests of the indemnified party and the interests of another indemnified party or the Borrower or (ii) such separate counsel is employed with the approval of Borrower, which approval shall not be unreasonably withheld, conditioned or delayed.

(iv) Borrower understands and agrees that the foregoing release includes all claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected, and Borrower has read and understands, and hereby waives the benefits of, Section 1542 of the California Civil Code which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

(v) Borrower acknowledges that it may hereafter discover facts different from or in addition to those which it now knows or believes to be true with respect to the foregoing release by Borrower and agree that the foregoing release shall be and remain effective in all respects notwithstanding such different or additional facts or the discovery thereof.

Nothing in this Section 10.03(a) shall in any way limit the Borrower's indemnification and other payment obligations set forth in the Regulatory Agreement.

The obligations of the Borrower under this Section 10.03(a) shall survive the termination of this Loan Agreement and the repayment of the Loan and the Tax Exempt Note. If, and to the extent that the obligations of the Borrower under this Section 10.03(a) are unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment in satisfaction of such obligations which is permissible under applicable law.

(b) ***Indemnification of Funding Lender.*** To the extent not prohibited by applicable law, the Borrower shall indemnify and save harmless the Funding Lender and its respective directors, officers, employees, and agents against and from any and all liability and expenses arising from their participation in the transactions contemplated hereby (except to the extent arising from the gross negligence or willful misconduct of the Funding Lender or its respective directors, officers, employees, or agents, for which the Borrower will not indemnify the Funding Lender or its respective directors, officers, employees, or agents), including without limitation (i) any and all claims by or on behalf of any Person arising out of (A) any condition of the Project, or (B) the acquisition, installation, construction, reconstruction, improvement, use, occupancy, conduct of any work or anything whatsoever done or omitted to be done in or about the Project, or (C) any accident, injury, or damage whatsoever to any Person occurring in or about the Project, or (D) any breach or default by the Borrower of any of its obligations under the Loan Documents, or (E) any act or omission of the Borrower or any of its agents, contractors, servants, employees, or licensees, or (F) the offering, issuance, sale, or resale of the Tax Exempt Note, or (G) any action, suit, claim, or proceedings instituted or threatened in connection with the transactions contemplated by this Loan Agreement, (ii) any and all losses, costs, counsel fees, expenses, or liabilities reasonably incurred in connection with any such claim or any action or proceeding brought thereon, and (iii) any Costs of Collection. The provisions of this Section 10.03(b) shall survive the termination of this Loan Agreement.

(c) ***Indemnification of Fiscal Agent.*** To the extent not prohibited by applicable law, the Borrower shall indemnify and save harmless the Fiscal Agent and its respective directors, officers, employees, and agents against and from any and all liability and expenses arising from their participation in the transactions contemplated hereby (except to the extent arising from the gross negligence or willful misconduct of the Fiscal Agent or its respective directors, officers, employees, or agents, for which the Borrower will not indemnify the Fiscal Agent or its respective directors, officers, employees, or agents), including without limitation (i) any and all claims by or on behalf of any Person arising out of (A) any condition of the Project, (B) the acquisition, installation, construction, reconstruction, improvement, use, occupancy, conduct of any work or anything whatsoever done or omitted to be done in or about the Project, (C) any accident, injury, or damage whatsoever to any Person occurring in or about the Project, (D) any breach or default by the Borrower of any of its obligations under the Loan Documents, (E) any act or omission of the Borrower or any of its agents, contractors, servants, employees, or licensees, (F) the offering, issuance, sale, or resale of the Tax Exempt Note, or (G) any action, suit, claim, or proceedings instituted or threatened in connection with the transactions contemplated by this Loan Agreement, (ii) any and all losses, costs, counsel fees, expenses, or liabilities reasonably incurred in connection with any such

claim or any action or proceeding brought thereon, and (iii) any Costs of Collection. The provisions of this Section 10.03(c) shall survive the termination of this Loan Agreement.

(d) In case any action or proceeding is brought against the Funding Lender or any such director, officer, employee, or agent by reason of such claim, the Borrower, upon notice from the affected party, shall resist or defend such action or proceeding. Subject to the foregoing and except in any case in which the Funding Lender's interest is adverse to that of the Borrower, the Funding Lender shall cooperate and join with the Borrower at the expense of the Borrower as may be required in connection with any action taken or defended by the Borrower; in so doing, the Borrower shall take no action that would result in a determination of guilt or liability against the Funding Lender without the express written consent of such party. The provisions of this Section 10.03(d) shall survive termination of this Loan Agreement.

Section 10.04. Borrower Not To Affect Adversely Tax-Exempt Status of Interest on the Tax Exempt Note.

(a) The Borrower will not take any action which would adversely affect the exclusion from gross income for federal income tax purposes of the interest paid on the Tax Exempt Note, including, without limitation, any action that would permit the Tax Exempt Note to be treated as "federally guaranteed" within the meaning of Section 149(b) of the Code, and will take, or require to be taken, such acts as may be reasonably within its ability and as may from time to time be required under applicable law or regulation to continue the exclusion from gross income for federal and State income tax purposes of the interest on the Tax Exempt Note, including the preparation and filing of any statements required to be filed by it in order to keep the interest on the Tax Exempt Note excludable from gross income for federal and State income tax purposes.

(b) The Borrower will deliver copies of all such statements and instruments to the Fiscal Agent promptly after they are filed.

Section 10.05. Financial and Other Information. The Borrower shall furnish or cause to be furnished to the Funding Lender (except in any particular instance as may be waived, in advance or otherwise, in writing by the Funding Lender) such statements and other financial information as required under the Disbursing Agreement or the Continuing Disclosure Agreement, and such other information respecting the condition or operations, financial or otherwise, of the Borrower as the Funding Lender may from time to time reasonably request.

Section 10.06. Inspection; Records. The Borrower shall, at any reasonable time, upon reasonable notice, and from time to time, permit the Fiscal Agent, Governmental Lender and/or the Funding Lender to conduct a so-called "field exam" to examine at the Borrower's expense and make copies or and abstracts from the records and books of account of, and visit the properties of, the Borrower, and to discuss the affairs, finances, and accounts of the Borrower with any of its respective officers and Fiscal Agents.

The Borrower agrees to keep adequate records and books of account, in which complete entries will be made reflecting all of the Borrower's business and financial transactions, such entries to be made in accordance with GAAP.

ARTICLE XI

DEFAULT PROVISIONS AND REMEDIES OF FISCAL AGENT, FUNDING LENDER, AND GOVERNMENTAL LENDER

[BELOW IS SUBJECT TO HCID APPROVAL]

Section 11.01. Provisions Regarding Any Default and Acceleration. [Upon a default by the Governmental Lender of its obligations hereunder or a default by the Borrower of its obligations hereunder or under another Loan Document, the Fiscal Agent shall, subject to the provisions of Article XII, take such actions, and only such actions, to enforce the provisions of this Loan Agreement and the other Loan Documents, as applicable, as are specified in writing by the Funding Lender. Notwithstanding the foregoing, or anything else to the contrary herein, no default by the Borrower hereunder or under another Loan Document shall constitute an event of default with respect to the Tax Exempt Note (including, without limitation, a failure to make any payment due with respect to the Tax Exempt Note as a consequence of the Borrower's failure to make any payment due on the Loan). The Governmental Lender's, Fiscal Agent's and Funding Lender's remedies with respect to a default under the other Loan Documents shall be limited to remedies applicable to this Loan Agreement, and the other Loan Documents and shall not include any applicable to the Tax Exempt Note. In the event of a default by the Borrower hereunder or under the other Loan Documents, the Funding Lender, in its discretion, may accelerate the amounts due under the Loan and take other remedial actions with respect to the Loan available hereunder and under the other Loan Documents, as applicable, without accelerating the amounts due with respect to the Tax Exempt Note. Notwithstanding the foregoing, the Funding Lender may, upon the acceleration of the Loan, direct the Fiscal Agent to simultaneously accelerate the maturity of the Tax Exempt Note and apply any funds available hereunder to the payment of the Tax Exempt Note (after paying the fees and expenses of the Fiscal Agent and the Governmental Lender). Any portion of the Tax Exempt Note remaining outstanding upon such an acceleration of the Tax Exempt Note shall be deemed paid upon transfer, to or at the direction of the Funding Lender, of the Loan Documents and all security therefor free and clear of the lien of this Loan Agreement.

The Governmental Lender shall cooperate with the Fiscal Agent and the Funding Lender in exercising rights and remedies with respect to the Loan hereunder and under the other Loan Documents, but only upon being satisfactorily indemnified by the Borrower for any fees or expenses relating thereto as provided in the Loan Documents and Regulatory Agreement.]

Section 11.02. Effectiveness of Sections 11.02 Through 11.12 at the Direction of Governmental Lender; Events of Default. This Section 11.02 and Sections 11.03 through 11.12 shall be effective from and after the Closing Date to the extent and only to the extent that they apply to the Loan, but not in any respect as they apply to the Tax Exempt Note. At the written request of the Funding Lender, the Governmental Lender may authorize, by written notice to the Fiscal Agent, the effectiveness of this Section 11.02 and Sections 11.03 through 11.12 with respect to the Tax Exempt Note. The Governmental Lender's authorization of such provisions for

application to the Tax Exempt Note may be granted on such terms as the Governmental Lender may determine in its sole and absolute discretion, including, without limitation, provision by the Funding Lender of indemnification satisfactory to the Governmental Lender and the Fiscal Agent. Upon delivery of the above referenced authorization the provisions of this Section 11.02 and Sections 11.03 through 11.12 shall be effective with respect to the Tax Exempt Note. Any one or more of the following shall constitute an event of default (an "Event of Default") under this 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) Interest on the Tax Exempt Note shall not be paid when and as the same shall become due and payable, or principal of or premium on the Tax Exempt Note shall not be paid when due and payable, whether at stated maturity or pursuant to any prepayment under Section 4.01 or otherwise;

(b) The Borrower shall fail to make any Loan payment required to be made under Section 10.01(a) on or prior to the date such payment is due;

(c) The Borrower shall fail to make any Additional Payment within 10 days after notice that such Additional Payment is due and payable;

(d) The Borrower shall fail to observe or perform any other covenant, condition, or agreement on its part to be observed or performed in this Loan Agreement, which failure shall remain uncured 30 days after notice thereof from the Funding Lender; provided, if such cure cannot be effected within said 30-day period, and if Borrower commences to cure said failure within said 30 days and diligently prosecutes the cure, the cure period shall be extended to such period as is reasonably required to permit such party, proceeding with due diligence, to cure such default;

(e) The material inaccuracy or incompleteness of any material representation or warranty made in writing by the Borrower or on its behalf by an authorized representative of the Borrower under any of the Loan Documents in connection with the transactions contemplated hereby;

(f) The occurrence of a Bankruptcy;

(g) A default with respect to any Indebtedness or obligation of the Borrower to the Funding Lender or its affiliates and the failure to cure same after the passage of any applicable grace period; or

(h) A default under any of the Loan Documents, except the Regulatory Agreement, and the failure to cure same after the passage of any applicable grace period.

The Borrower agrees to notify the Governmental Lender and the Fiscal Agent promptly in writing of the occurrence of any known Event of Default.

Section 11.03. Acceleration. Upon the occurrence and continuance of any Event of Default, the Funding Lender may direct the Fiscal Agent to declare, and upon such direction the

Fiscal Agent shall so declare, the Tax Exempt Note then outstanding to be due and payable immediately, and, upon such declaration, all principal and interest accrued thereon shall become immediately due and payable, and there shall be an automatic corresponding acceleration of the Borrower's indebtedness on the Loan.

Section 11.04. Other Remedies; Rights of Fiscal Agent and Funding Lender. Upon the occurrence and continuance of an Event of Default and if satisfactory indemnity has been furnished to it, the Fiscal Agent may (but only with the written consent of the Funding Lender) and, at the written direction of the Funding Lender, shall exercise such of the rights and remedies conferred upon it by this Loan Agreement or any of the Loan Documents. Such rights and remedies include:

(a) ***Rights as a Secured Party.*** The Fiscal Agent may exercise all of the rights and remedies of a secured party under the Uniform Commercial Code with respect to that property as to which a security interest has been granted to it hereunder which is or may be treated as collateral under the Uniform Commercial Code. The Fiscal Agent may deal with such property as collateral under the Uniform Commercial Code or as provided in subsection (b) or in part one and in part the other. The Borrower will assemble and make such property available to the Fiscal Agent at a place designated by the Fiscal Agent, which is reasonably convenient to both of them. Notice of any public sale under the Uniform Commercial Code shall be given in accordance with the Uniform Commercial Code or other applicable law then in effect. Notice sent by registered or certified mail, postage prepaid, or delivered during business hours, to the Borrower and any secondary obligor at least 10 days before an event shall constitute reasonable authenticated notification of such event under Uniform Commercial Code Section 9-611.

(b) ***Receiver.*** The Fiscal Agent may have a receiver appointed to take possession of the collateral pledged as security hereunder, and any issues, and profits therefrom, and apply the same as the court appointing same may direct, and the Fiscal Agent shall be entitled to the appointment of such a receiver as a matter of right, without consideration of the value of the property as security for the amounts due hereunder, or the availability of other collateral, or the solvency of any Person liable for the payment of such amounts. Such receiver may also take possession of, and for these purposes use, any and all collateral. The expense (including receiver's fees, counsel fees, costs, and agents compensation) incurred pursuant to the powers herein contained shall be secured hereby.

(c) ***Court Proceedings.*** The Fiscal Agent may enforce the provisions of this Loan Agreement by legal proceedings for the specific performance of any covenant, obligation, or agreement contained herein, whether or not an Event of Default exists, or for the enforcement of any other appropriate legal or equitable remedy, and may receive damages caused by any breach by the Borrower or the Governmental Lender of the provisions of this Loan Agreement, including (to the extent this Loan Agreement may lawfully provide) court costs, reasonable attorneys' fees and other costs and expenses incurred in enforcing the obligations of the Governmental Lender hereunder.

Section 11.05. Remedies Cumulative. The rights and remedies under this Loan Agreement shall be cumulative and no right or remedy herein shall exclude any other right and remedy herein or allowed by law, provided there is no duplication of recovery. The failure to insist upon a strict performance of any of the obligations of the Borrower or of the Governmental Lender or to exercise any remedy for any violation thereof shall not be taken as a waiver for the future of the right to insist upon strict performance or of the right to exercise any remedy for the violation; and each such right and power may be exercised as often as deemed expedient.

No waiver by the Fiscal Agent, at the direction of the Funding Lender, of any Default or Event of Default shall extend to any subsequent Default or Event of Default.

Section 11.06. Performance of the Borrower's Obligations. If the Borrower shall fail to pay or perform any obligation under this Loan Agreement and an Event of Default exists hereunder, the Funding Lender or the Governmental Lender may pay or perform any or all of such obligations in its own name or in the Borrower's name, and each is hereby irrevocably appointed the Borrower's attorney-in-fact for such purpose. In the case of emergency, as reasonably determined by the acting party or the Funding Lender, the Funding Lender or Governmental Lender, as the case may be, may act whether or not an Event of Default exists on one Business Days' notice or may give the notice promptly after rather than before taking the action. The reasonable cost of any such action by the Funding Lender or the Governmental Lender shall be paid or reimbursed by the Borrower with interest at the prime rate, as announced from time to time in *The Wall Street Journal* or successor publication (or, if none, the nearest equivalent).

Section 11.07. Application of Moneys. Upon the occurrence and during the continuance of an Event of Default, there shall be deposited in the Tax Exempt Note Fund all moneys and proceeds held or received by the Fiscal Agent or any receiver pursuant to this Loan Agreement, or the exercise of any rights granted hereby, and all moneys in the Tax Exempt Note Fund shall be applied after payment of all Costs of Collection incurred by the Fiscal Agent or any receiver (a) to the payment of any amounts due as Additional Payments under Section 10.01(b) or amounts due under Section 10.03, (b) then to the payment of interest, including interest on overdue principal, then due on the Tax Exempt Note, without regard to when such interest became due, and (c) then to the payment of principal and premium, if any, then due on the Tax Exempt Note, without regard to when such principal became due, or in such other order as may be determined by the Fiscal Agent, with the written consent of the Governmental Lender if the Governmental Lender is affected thereby.

Section 11.08. Remedies Vested in Fiscal Agent. All rights of action (including the right to file proofs of claim) under this Loan Agreement or under the Tax Exempt Note vested in the Fiscal Agent may be enforced by the Fiscal Agent without the possession of the Tax Exempt Note or its production in any proceeding; and any recovery of the judgment shall be for the benefit of the Funding Lender, subject, however, to the provisions of this Loan Agreement.

Notwithstanding anything to the contrary contained in this Loan Agreement, the Fiscal Agent shall not exercise any of its rights or remedies under this Loan Agreement, the Tax Exempt Note or any of the other Loan Documents as a result of the occurrence of an Event of Default or any default or event of default under any of the other Loan Documents unless and until instructed to do so in writing by the Funding Lender. The Fiscal Agent shall in such event exercise such

rights and remedies as so instructed by the Funding Lender; provided that the Bondholder Representative shall have offered to the Fiscal Agent in writing indemnity reasonably satisfactory to the Fiscal Agent against the costs and expenses to be incurred by the Fiscal Agent in compliance with any such instructions, provided, however, such indemnity need not protect the Fiscal Agent against losses caused by the Fiscal Agent's gross negligence or willful misconduct.

Section 11.09. [Reserved]

Section 11.10. Waivers of Events of Default. The Funding Lender may direct the Fiscal Agent to waive, and upon such direction the Fiscal Agent shall so waive, (in advance or otherwise) any Event of Default and its consequences and rescind any declaration of maturity of principal but no such waiver (except as specifically provided therein) or rescission shall extend to any subsequent or other Event of Default. The Funding Lender may direct the Fiscal Agent to waive any right of the Governmental Lender or the Fiscal Agent to payment or reimbursement pursuant to Section 10.01(b) or Section 10.03 only with the written consent of the Governmental Lender or the Fiscal Agent (as the case may be).

Section 11.11. [Reserved]

Section 11.12. Remedies of Governmental Lender on Certain Events of Default. Notwithstanding any contrary provision in this Loan Agreement, the Governmental Lender may enforce its rights under Section 10.01(b) or Section 10.03 by any lawful available remedy.]

ARTICLE XII

THE FISCAL AGENT

Section 12.01. Acceptance of Trusts. The Fiscal Agent accepts the trusts imposed upon it by this Loan Agreement and agrees to perform such trusts, but only upon the terms and conditions contained herein and in Section 10.03.

(a) The Fiscal Agent, prior to the occurrence of an Event of Default and after the curing or waiver in writing by the Funding Lender, of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Loan Agreement and the other Loan Documents to which it is a party, and no implied agreements or obligations shall be read into this Loan Agreement or any other Loan Document against the Fiscal Agent. In case an Event of Default has occurred and is continuing, the Fiscal Agent shall exercise such of the rights and powers vested in it by this Loan Agreement and the other Loan Documents, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The Fiscal Agent may execute any of its trusts or powers and perform any of its duties through attorneys, agents, receivers or employees but shall be answerable for their conduct in accordance with the above standard, except that as to attorneys, agents, and receivers the Fiscal Agent shall be answerable only as to the selection of same in accordance with said standards. The Fiscal Agent shall be entitled to advice of counsel concerning all matters of trust duties hereunder, and may pay reasonable compensation

to all such attorneys, agents, receivers, employees, and counsel as may reasonably be employed, and shall be entitled to reimbursement therefor from the Borrower.

(c) Any action taken by the Fiscal Agent pursuant to this Loan Agreement upon the request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the Owner of the Tax Exempt Note shall be conclusive and binding upon all future Owners of such Tax Exempt Note.

(d) The Fiscal Agent shall not be required to take notice or be deemed to have notice or knowledge of any default hereunder, except defaults described in Section 11.02(a), (b) or (c) (but only with respect to a default caused by the Borrower's failure to make any Additional Payment to the Fiscal Agent), unless an officer in the corporate trust department of the Fiscal Agent shall be notified in writing of such default by the Borrower, the Governmental Lender or the Funding Lender. Until such notice is received, the Fiscal Agent may conclusively assume there is no such default. The Fiscal Agent shall have no obligation to monitor the financial condition of the Borrower or the physical condition of the Project or compliance by the Borrower with any covenants or conditions set forth in any of the Loan Documents, or to verify the accuracy of any calculations referred to in any of the Loan Documents (other than calculations of principal, interest and premium, if any, on the Tax Exempt Note).

(e) The Fiscal Agent shall not be required to give any bond or surety.

(f) For the purposes of this Loan Agreement, matters shall not be considered to be known to the Fiscal Agent unless they are known to an officer in its corporate trust department.

Section 12.02. Fees and Expenses of Fiscal Agent. The Fiscal Agent shall be entitled to reimbursement of all advances, reasonable counsel fees, and other transactional charges and out-of-pocket expenses reasonably made or incurred by the Fiscal Agent in connection with its services hereunder and for such reasonable fees as it may charge after an Event of Default has occurred and is continuing. All such fees, advances, and expenses shall be paid by the Borrower on demand. Any fees, expenses, reimbursements or other charges which the Fiscal Agent may be entitled to receive from the Borrower hereunder, if not paid when due, shall bear interest at the Default Rate and if not otherwise paid, shall be a lien prior to the lien for the Funding Lender upon any funds or other property then or thereafter held hereunder by the Fiscal Agent. The Fiscal Agent may apply any such funds to any of the foregoing items, and in that event, the lien of this Section shall continue to apply to any other such funds, and the Borrower shall remain liable for the same. Any subsequent payment of any such item by the Borrower shall be used to restore the funds so applied.

Section 12.03. Successor Fiscal Agent. Any corporation or association into which the Fiscal Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer all or substantially all its corporate trust business and assets, and any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer, ipso facto, shall be and become successor Fiscal Agent hereunder and shall be vested with all the trusts, power, discretions, immunities, privileges, and all other matters as was its

predecessor, without the execution or filing of any instrument or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding; provided, however, that any such successor Fiscal Agent shall be a trust company or bank in good standing having trust powers and (unless otherwise permitted by the Act) located in the State. The successor Fiscal Agent shall use commercially reasonable efforts to provide Borrower notice of such succession.

Section 12.04. Resignation by Fiscal Agent; Removal. The Fiscal Agent may at any time resign from the trusts hereby created by giving 30 days' written notice to the Governmental Lender, to the Borrower and to the Funding Lender, but such resignation shall not take effect until the appointment of a successor Fiscal Agent and acceptance by the successor Fiscal Agent of such trusts. The Fiscal Agent may be removed (a) with the prior written consent of the Governmental Lender, by written notice from the Funding Lender to the Fiscal Agent, and the Borrower, (b) for cause by the Borrower with the written approval of the Governmental Lender and the Funding Lender if the Borrower is not in Default or (c) for cause by the Governmental Lender.

Section 12.05. Appointment of Successor Fiscal Agent. In case the Fiscal Agent resigns or is removed or becomes incapable of acting, or becomes bankrupt or insolvent, or if a receiver, liquidator or conservator of the Fiscal Agent or of its property is appointed, or if a public officer takes charge or control of the Fiscal Agent, or of its property or affairs, a successor shall be appointed by the Governmental Lender with written notice to the Borrower and the Funding Lender. If the Governmental Lender does not appoint a successor Fiscal Agent within 30 days of the Fiscal Agent providing notice of its resignation, the Fiscal Agent may petition a court of competent jurisdiction to appoint a successor Fiscal Agent. At any time within one year after any such vacancy shall have occurred and provided a court has not appointed a successor Fiscal Agent as provided above, the Funding Lender may appoint a successor Fiscal Agent by an instrument or concurrent instruments in writing signed by or on behalf of the Owner of the Tax Exempt Note. Each successor Fiscal Agent shall be a trust company or bank in good standing having trust powers and having a reported capital and surplus (including undivided profits) of not less than \$50,000,000. Any such successor Fiscal Agent shall become Fiscal Agent upon giving written notice to the Borrower, the Governmental Lender, and the Funding Lender, if any, of its acceptance of the appointment, and shall thereupon be vested with all the property, rights, and powers of the Fiscal Agent hereunder, without any further act or conveyance. Any predecessor Fiscal Agent shall execute, deliver, and record and file such instruments as the Fiscal Agent may reasonably require to confirm or perfect any such succession.

Section 12.06. [Reserved]

Section 12.07. Fiscal Agent as Tax Exempt Note Registrar; List of Funding Lender. The Fiscal Agent is hereby designated as bond registrar for the Tax Exempt Note and, as such, will keep on file the name and address of the Owner of the Tax Exempt Note; provided, however, that the Fiscal Agent shall be under no responsibility with regard to the accuracy of the address of the Funding Lender. At reasonable times and under reasonable regulations established by the Fiscal Agent, such information may be inspected and copied by the Borrower.

Section 12.08. Successor Fiscal Agent as Custodian of Funds, Tax Exempt Note Registrar, and Paying Agent. In the event of a change in the office of Fiscal Agent, the predecessor Fiscal Agent which has resigned or been removed shall cease to be custodian of any

funds it may hold pursuant to this Loan Agreement, and cease to be the bond registrar and paying agent for the Tax Exempt Note, and the successor Fiscal Agent shall become such custodian, bond registrar, and paying agent.

Section 12.09. [Reserved]

Section 12.10. [Reserved]

Section 12.11. Actions Under Other Loan Documents. Each provision of any of the Loan Documents relating in any way to the Fiscal Agent shall be subject to, and any actions or omissions by the Fiscal Agent pursuant to any of the Loan Documents shall be entitled to, the protections and benefits of this Article XII and Section 10.03.

ARTICLE XIII

AMENDMENTS, CONSENTS AND OPINIONS

Section 13.01. Amendment of Loan Agreement. Any of the terms of this Loan Agreement and the Tax Exempt Note may be amended or waived only by an instrument signed by the Funding Lender, the Fiscal Agent, the Borrower and the Governmental Lender. All of the terms of this 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 13.02. Amendments Require Funding Lender Consent. Neither the Governmental Lender nor the Fiscal Agent shall consent to any amendment, change or modification of any Loan Document without the prior Written Consent of the Funding Lender.

Section 13.03. Consents and Opinions. No amendment to this Loan Agreement or any other Loan Document entered into under this Article XIII or any amendment, change or modification otherwise permitted under this Article XIII shall become effective unless and until (a) the Funding Lender shall have approved the same in writing in its sole discretion and (b) the Funding Lender and the Fiscal Agent shall have received, at the expense of the Borrower, an opinion or opinions of counsel, acceptable to the Funding Lender and Fiscal Agent, to the effect that any such proposed amendment is authorized and complies with the provisions of this 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 XIV

MISCELLANEOUS

Section 14.01. Consents of Funding Lender. Any consent, request, direction, approval, objection, or other instrument required by this Loan Agreement to be executed by the Funding Lender may be executed by such Funding Lender in person or by agent appointed in writing.

Section 14.02. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed in or implied from this Loan Agreement or the Tax Exempt Note shall give to any Person other than the parties hereto any right or remedy with respect to this Loan Agreement. This Loan Agreement and all of the covenants, conditions, and provisions hereof are for the sole and exclusive benefit of the parties hereto. No covenant or obligation of the Borrower shall be deemed to be a covenant or stipulation of any present or future director, officer, trustee, employee or agent of the Borrower in his individual capacity.

Section 14.03. Severability. In the event that any provision of this Loan Agreement shall be held to be invalid in any circumstance, such invalidity shall not affect any other provision or circumstance.

Section 14.04. Notices. All notices, certificates, or other communications hereunder shall be in writing and shall be sufficiently given and, except as provided in Section 5.06 regarding certificates or other materials to be provided to the Borrower or the Governmental Lender or notices to be given by the Fiscal Agent and except as provided in Section 12.01(d), shall be deemed given (a) three days after mailing by certified mail, first class, postage prepaid; (b) the Business Day after sending by expedited overnight delivery service; (c) the date of receipt if delivered by personal delivery; or (d) if sent by facsimile transmission, the date of transmission, if receipt of such transmission is telephonically confirmed on such day and addressed to the Notice Address of the respective addressee with a copy to each other party hereto. Either the Governmental Lender or the Fiscal Agent may change the Notice Address listed for it at any time upon written notice of such change sent by United States mail, postage prepaid, to the other party, which change shall be effective upon receipt.

Section 14.05. Payments Due on Saturdays, Sundays, and Holidays. In any case where a Payment Date is not a Business Day, then payment of interest or principal and any premium due on such day need not be made by the Fiscal Agent on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the Payment Date.

Section 14.06. Extent of Governmental Lender Covenants; No Personal Liability. No covenant, stipulation, obligation, or agreement of the Governmental Lender contained in this Loan Agreement shall be deemed to be a covenant, stipulation, obligation, or agreement of any past, present or future officer, board member, employee or agent of the Governmental Lender, or of any successor thereto, as such, either directly or through the Governmental Lender, or any successor thereto, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, board members, employees or agents, as such, is hereby expressly waived and released as a condition of, and consideration for, the execution and issuance of the Tax Exempt Note.

Section 14.07. Responsible Banking Ordinance Filing. The Funding Lender shall file with the City Treasurer of the Governmental Lender by July 1 of each year an annual statement of community reinvestment activities as required of a commercial bank under the Governmental Lender's Ordinance 182138 adopted May 25, 2012 (the "Responsible Banking Ordinance"). The Funding Lender represents that it has, prior to the Closing Date, filed the report due by July 1, 2014 under the Responsible Banking Ordinance for calendar year 2013.

Section 14.08. Captions; Index. The captions, headings, and table of contents in this Loan Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Loan Agreement.

Section 14.09. Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Loan Agreement.

Section 14.10. Governing Law; Sealed Instrument. The validity and interpretation of this Loan Agreement and the Tax Exempt Note shall be governed by and construed in accordance with the internal laws of the State without reference to conflicts of law principles.

Section 14.11. Agreements To Constitute Covenants. Words of agreement and promises shall also constitute covenants.

Section 14.12. Other Agreements.

(a) This Loan Agreement sets forth the entire agreement of the parties as to the subject matter hereof and no custom, act, forbearance, or words or silence at any time, gratuitous or otherwise, shall impose any additional obligation or liability upon any party or waive or release any party from any default or the performance or fulfillment of any obligation or liability or operate as against any party as a supplement, alteration, amendment, or change of any term or provision set forth herein, including this Section, unless set forth in a written instrument duly executed by such party expressly stating that it is intended to impose such an additional obligation or liability or to constitute such a waiver or release, or that it is intended to operate as such a supplement, alteration, amendment, or change. No waiver or release in any one instance shall operate as a waiver or release or agreement to give such a waiver or release thereafter or in any other instance.

(b) The provisions of this Loan Agreement are not in derogation or limitation of any obligations or duties of the Borrower under any of the other Loan Documents. No inconsistency in default provisions between this Loan Agreement and any other Loan Document will be deemed to create any additional grace period or otherwise derogate from the express terms of each such default provision. No covenant, agreement, or obligation of the Borrower contained herein, nor any right or remedy of the Fiscal Agent or the Funding Lender contained herein, shall in any respect be limited by inconsistent or additional provisions contained in any other document. No covenant, agreement, or obligation of the Borrower in any other Loan Document, nor any right or remedy of the Fiscal Agent or the Funding Lender contained therein, shall in any respect be limited by inconsistent or additional provisions contained herein.

Section 14.13. Waiver of Jury Trial. To the extent permitted by applicable law, each of the parties, except the Governmental Lender, to this Loan Agreement hereby expressly waive any right to trial by jury in any action, suit, or proceeding arising out of or with respect to this Loan Agreement and hereby agree that any such action, suit, or proceeding be tried before a judge sitting without a jury.

Section 14.14. Business Tax Registration Certificate. Subject to any exemptions available to it, the Borrower and Fiscal Agent each 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 Loan Agreement, the Borrower and Fiscal Agent shall each maintain, or obtain as necessary, any such Business Tax Registration Certificate(s) required of it under said Ordinance and shall not allow any such Business Tax Registration Certificate(s) to be revoked or suspended.

Section 14.15. Child Support Assignment Orders. This Loan Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance: (a) the Borrower certifies that (i) it will fully comply with all State and federal employment reporting requirements applicable to Child Support Assignment Orders; (ii) the principal partners(s) of the Borrower are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (iii) 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 (iv) it will maintain such compliance throughout the term of this Loan Agreement; and (b) Fiscal Agent certifies that it will (i) fully comply with all State and federal employment reporting requirements applicable to Child Support Assignment Orders; (ii) 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 (iii) 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 Borrower to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Borrower to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Borrower under the terms of this Loan Agreement, subjecting the Borrower to the remedies provided herein where such failure shall continue for more than 90 days after notice of such failure to the Borrower by the Governmental Lender. Any subcontract entered into by the Borrower relating to this Borrower 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 Borrower to obtain compliance of its subcontractors shall constitute a default by the Borrower under the terms of this Loan Agreement, subjecting the Borrower to the remedies provided herein where such failure shall continue for more than 90 days after notice of such failure to the Borrower by the Governmental Lender.

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 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 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 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 Borrower and Fiscal Agent shall each comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. The Borrower and Fiscal Agent each assures that to the best of its respective 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 14.16. Americans with Disabilities Act. The Borrower and Fiscal Agent each hereby certify that it will comply with the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act ("ADAAA") Pub. L.110-325 and all subsequent amendments (the "ADA"). The Borrower and Fiscal Agent will each 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, neither the Borrower nor the Fiscal Agent shall discriminate against individuals with disabilities nor against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by the Borrower or the Fiscal Agent, relating to this Loan Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section.

Section 14.17. Nondiscrimination and Affirmative Action. The Borrower and Fiscal Agent shall each 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. Neither the Borrower nor the Fiscal Agent shall 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, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Borrower and Fiscal Agent shall each comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). The Borrower and Fiscal Agent shall each comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Borrower and 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 Borrower and Fiscal Agent shall also comply with all rules, regulations, and policies of the City of Los Angeles' Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the City of Los Angeles. Any subcontract entered into by the Borrower or the Fiscal Agent relating to this 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, transgender status, 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 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.

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IN WITNESS WHEREOF, each of the Borrower, the Funding Lender and the Governmental Lender has caused this Loan Agreement to be executed and delivered as a sealed instrument in its name and behalf by its authorized officer and to evidence its acceptance of the trusts hereby created, the Fiscal Agent has caused this Loan Agreement to be executed in its name and behalf by its authorized officers, all as of the date appearing on page one.

CITY OF LOS ANGELES, as Governmental
Lender

By Los Angeles Housing and Community
Investment Department

By _____
Helmi A. Hisserich
Assistant General Manager

Approved as to form:

Michael N. Feuer, City Attorney:

By _____
Deputy/Assistant City Attorney

MARTHA BRYANT VILLAGE II, L.P., as
Borrower

By _____
Name _____
Title _____

BOSTON PRIVATE BANK & TRUST
COMPANY, as Funding Lender

By _____
Name _____
Title _____

U.S. BANK NATIONAL ASSOCIATION, as
Fiscal Agent

By _____
Name: Julia Hommel
Title: Vice President

[Signature Page to *Martha Bryant* Loan and Security Agreement]

EXHIBIT A

FORM OF TAX EXEMPT NOTE

THIS NOTE MAY BE OWNED ONLY BY AN APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE LOAN AGREEMENT, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS LOAN AGREEMENT (A) REPRESENTS THAT IT IS AN APPROVED TRANSFEREE AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS TAX EXEMPT NOTE TO ANOTHER APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE LOAN AGREEMENT.

**CITY OF LOS ANGELES
MULTIFAMILY MORTGAGE REVENUE NOTE
(MARTHA BRYANT MANOR APARTMENTS PROJECT) SERIES 2014J**

Registered Owner	Principal Amount	Date	Maturity Date
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1. **Interest and Payment Provisions.** City of Los Angeles (the “Governmental Lender”) a municipal corporation and charter city of the State of California, for value received, promises to pay to the Registered Owner of this Tax Exempt Note, or registered assigns or legal representatives, but solely from the moneys to be provided under the Loan Agreement defined below, up to the maximum Principal Amount set forth above, and to pay interest on the unpaid Principal Amount of this Tax Exempt Note outstanding from time to time (based upon the actual number of days elapsed over a year assumed to have 360 days) from the Closing Date. This Tax Exempt Note is intended to be a “draw-down” note, as set forth in the Loan Agreement, with the Funding Lender delivering the purchase price in installments, all in accordance with and subject to the restrictions set forth in the Loan Agreement, including, without limitation, that in no event shall the Borrower make any further requisition for the advance of the Tax Exempt Note proceeds, nor shall the Funding Lender make any further purchase of Tax Exempt Note after December 31, 2017.

This Tax Exempt Note shall bear interest at the Interest Rate. If a Determination of Taxability should occur, the Tax Exempt Note shall bear interest from the Determination of Taxability until payment of the principal and interest hereof shall have been made in full in accordance with the provisions of the Loan Agreement at the Taxable Rate, and such other amounts as described in the Loan Agreement shall be due and payable to the Registered Owner.

Following an Event of Default and during the continuance thereof, the interest rate in effect on this Tax Exempt Note shall be the Default Rate.

Commencing on [_____, 2014], and on each Interest Payment Date thereafter throughout the term of this Tax Exempt Note, interest only on the outstanding principal balance of this Tax Exempt Note shall be due and payable. Commencing on [SWAP START DATE], and on each Interest Payment Date thereafter through the Maturity Date, payments of interest shall be due and payable, together with principal payments in accordance with Schedule B attached to this Tax

Exempt Note. This Tax Exempt Note is otherwise subject to optional and mandatory prepayment as described below.

All outstanding principal and any unpaid interest on this Tax Exempt Note shall be due and payable on the Maturity Date.

If any payment of principal of, or interest on, this Tax Exempt Note is 10 days or more overdue, a late fee equal to 5% of the overdue payment shall be due and payable. The imposition and payment of a late fee shall not waive such Event of Default or any right or remedy of the Registered Owner as a consequence of such Event of Default.

Unless otherwise defined herein, capitalized terms used in this Tax Exempt Note shall have the meanings given to them in the below-defined Loan Agreement. The following terms are defined as follows:

"Default Rate" means a per annum rate equal to the sum of (a) the Interest Rate per annum which would (absent an Event of Default) be applicable to the Tax Exempt Note immediately preceding an Event of Default, plus (b) five hundred basis points but in no case exceeding the Maximum Rate.

"FHLB" means the Federal Home Loan Bank of Boston, or any successor organization thereto.

"FHLB One-Month Rate" means a per annum rate equal to the FHLB Classic Advance Regular Rate for a one-month term, as announced by the FHLB from time to time, or if the FHLB shall no longer announce such rate, a comparable rate selected by the Funding Lender in its reasonable discretion.

"Interest Payment Date" means [_____] 1, 2014 and the first day of each month thereafter until the Tax Exempt Note shall have been paid in full in accordance with the terms of this Loan Agreement.

"Interest Rate" means:

(a) from the Closing Date through and including [FIRST INTEREST PAYMENT DATE, 2014], a per annum rate equal to [__]%,

(b) after [FIRST INTEREST PAYMENT DATE, 2014] and continuing to [the Swap start date], a variable per annum rate equal to the sum of (i) the product of (A) 0.80 times (B) the FHLB One-Month Rate in effect as of each Interest Payment Date, plus (ii) three hundred basis points, such rate to be reset on the Reset Date and applied to each calendar day of said month, and

(c) from and after [SWAP START DATE] through the Maturity Date, a variable per annum rate equal to the sum of (i) 2.65% plus (ii) 65.001% of One Month LIBOR, such rate to be reset on the first [Business Day] [day] of each calendar month and applied to each calendar day of said month. [WILL NEED TO MATCH LIBOR PROVISIONS TO SWAP]

“*Maturity Date*” means [_____].

“*One Month LIBOR*” means, with respect to any calendar month, means the rate of interest in U.S. Dollars (rounded upwards, at the Funding Lender's option, to the next 1/16th of 1%) equal to the Intercontinental Exchange Benchmark Administration Ltd. (“ICE,” or the successor thereto if ICE is no longer making a London Interbank Offered Rate available) (“ICE LIBOR”) for the LIBOR Interest Period as published by Bloomberg (or such other commercially available source providing quotations of ICE LIBOR as designated by Lender from time to time) at approximately 11:00 A.M. (London time) two (2) London Business Days prior to the Reset Date; provided however, if more than one ICE LIBOR is specified, the applicable rate shall be the arithmetic mean of all such rates. If such rate is not published by Bloomberg, the rate for the subject calendar month will be determined in accordance with the Swap Agreement provisions.

“*LIBOR Interest Period*” means, initially, the first (1st) LIBOR Interest Period hereunder shall be the period commencing [SWAP START DATE] and ending on (and including) [LAST CALENDAR DAY OF MONTH OF SWAP START DATE]. Thereafter, each LIBOR Interest Period shall commence on the first calendar day of every calendar month immediately following the previous LIBOR Interest Period (the “Reset Date”), and end on the last calendar day of such calendar month; provided, however, if any LIBOR Interest Period is to commence in a month for which there is no day which numerically corresponds to the Reset Date, the LIBOR Interest Period shall commence on the last day of such calendar month.

“*London Business Days*” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England. If, for any reason, such rate is not available, the term LIBOR shall mean, with respect to any LIBOR Interest Period, the rate of interest per annum determined by Lender to be the average rate per annum at which deposits in dollars are offered for such LIBOR Interest Period by major banks in London, England at approximately 11:00 A.M. (London time) two (2) London Business Days prior to the Reset Date..

2. **Description of Tax Exempt Note Issue.** This Tax Exempt Note is issued in the maximum aggregate principal amount of \$[TOTAL LOAN AMOUNT] pursuant to a Loan and Security Agreement dated as of [_____ 1, 2014] (together with any supplements, the “Loan Agreement”) among the Governmental Lender, Martha Bryant Village II, L.P., a California limited partnership (the “Borrower”), Boston Private Bank & Trust Company, as Funding Lender (the “Funding Lender”) and U.S. Bank National Association, as Fiscal Agent (together with any successors in trust, the “Fiscal Agent”). The proceeds from the sale of the Tax Exempt Note will be loaned (the “Loan”) by the Governmental Lender to the Borrower to finance the Project (as such term is defined in the Loan Agreement). The Tax Exempt Note is issued pursuant to the Law and in accordance with the Act and a resolution duly adopted by the City Council of the Governmental Lender, which resolution also authorizes the execution and delivery of the Loan Agreement. Pursuant to the terms of the Loan Agreement, the Borrower has agreed to make Loan payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Tax Exempt Note, which obligations shall be satisfied by the Borrower’s payment to the Fiscal Agent of such amounts due for deposit in the Tax Exempt Note Fund established under the Loan Agreement.

The Tax Exempt Note is issuable only in fully registered form. The Tax Exempt Note is to be secured and entitled to the protection given by the Loan Agreement and the other Loan Documents (as that term is defined in the Loan Agreement). Reference is hereby made to the Loan Agreement for a description of the nature and the extent of the security for the Tax Exempt Note, the rights, duties, and obligations and immunities of the Governmental Lender, the Fiscal Agent and the Registered Owner and the terms upon which the Tax Exempt Note is or may be issued and secured.

3. **Exchange and Transfer.** This Tax Exempt Note is exchangeable for a fully registered Tax Exempt Note. Upon the satisfaction of the requirements of Sections 3.04 and 3.05 of the Loan Agreement, this Tax Exempt Note is transferable on the bond register upon its surrender at the corporate trust office of the Fiscal Agent, accompanied by a written instrument of transfer in form satisfactory to the Fiscal Agent, duly executed by the Registered Owner or its attorney or legal representative but only in the manner and subject to the limitations and conditions provided in the Loan Agreement.

BY ITS ACQUISITION HEREOF, THE HOLDER OF THIS TAX EXEMPT NOTE AGREES (A) THAT IT HAS EXECUTED REQUIRED TRANSFEREE REPRESENTATIONS IN SUBSTANTIALLY THE FORM REQUIRED BY THE LOAN AGREEMENT AND THAT IT WILL NOT SELL OR OTHERWISE TRANSFER THIS TAX EXEMPT NOTE EXCEPT AS PROVIDED IN THE LOAN AGREEMENT, AND (B) THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS TAX EXEMPT NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

4. **Optional Prepayment of Tax Exempt Note.** This Tax Exempt Note shall be subject to optional prepayment by the Governmental Lender, at the written direction of the Borrower, prior to stated maturity, in whole or in part on any date at a prepayment price of 100% of the principal amount prepaid, plus accrued interest to the date fixed for prepayment by the Borrower, without premium, as further described in the Loan Agreement.

5. **Acceleration.** In certain events as provided in the Loan Agreement, the principal of Tax Exempt Note then outstanding under the Loan Agreement may become or be declared due and payable before the Maturity Date, together with interest accrued thereon.

6. **Additional Provisions.** The Registered Owner shall have the right to enforce the provisions of the Loan Agreement or to institute or appear in proceedings with respect to the Loan Agreement or its enforcement only as provided in the Loan Agreement. Modifications or alterations of the Loan Agreement, or of any supplements thereto, may be made only as provided by the Loan Agreement.

Reference is hereby made to the Loan Agreement and other Loan Documents (as that term is defined in the Loan Agreement), which are on file and may be inspected during regular business hours, upon reasonable notice, at the Principal Office of the Funding Lender, for a description of the security for the Tax Exempt Note and for the provisions thereof with respect to the rights, limitations of rights, duties, obligations and immunities of the Governmental Lender, the Borrower, the Funding Lender and the Fiscal Agent.

THIS TAX EXEMPT NOTE IS ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT, AND IS A LIMITED OBLIGATION 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 THIS TAX EXEMPT NOTE SHALL BE LIABLE PERSONALLY ON THIS TAX EXEMPT NOTE OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF ITS ISSUANCE. THIS TAX EXEMPT NOTE AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE GOVERNMENTAL LENDER, PAYABLE ONLY FROM THE SOURCES DESCRIBED IN THE 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 THIS TAX EXEMPT NOTE 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 THIS TAX EXEMPT NOTE OR OTHER COSTS INCIDENT THERETO. THIS TAX EXEMPT NOTE IS NOT A DEBT OF THE UNITED STATES OF AMERICA.

This Tax Exempt Note shall not be valid or entitled to any security or benefit under the Loan Agreement until the certificate of authentication hereon shall have been signed by the Fiscal Agent.

[Remainder of page left blank; signature page to follow]

IN WITNESS WHEREOF, the City of Los Angeles as Governmental Lender has caused this Tax Exempt Note to be duly executed in its name as of the date first above written by an Authorized Officer.

CITY OF LOS ANGELES

[SEAL]

City Treasurer

By _____
Mayor

CERTIFICATE OF AUTHENTICATION

This Tax Exempt Note is one of the Tax Exempt Note described in the aforementioned Loan Agreement.

U.S. BANK NATIONAL ASSOCIATION, as
Fiscal Agent

By _____
Name _____
Authorized Signatory

DRAW-DOWN PURCHASES

The installments reflected by the draw-down of this Tax Exempt Note shall be noted by the Fiscal Agent who shall make note thereof in the books kept for such purpose and, if requested by the Registered Owner, in the registration blank below.

[illegible]

SCHEDULE B
PRINCIPAL PAYMENT SCHEDULE

[Attached]

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers this tax exempt note to _____ (Name and Address of Assignee) (Social Security or Other Identifying Number of Assignee: _____) and irrevocably appoints _____ attorney-in-fact to transfer it on the books kept for registration of the Tax Exempt Note, with full power of substitution.

Dated: _____

Signature Guaranteed:

Bank, Trust Company, or Firm

NOTE: The signature to this assignment must correspond with the name as written on the face of the Tax Exempt Note without alteration or enlargement or other change

By _____
Authorized Signature

EXHIBIT B

FORM OF REQUIRED TRANSFEREE REPRESENTATIONS

_____, 20__

The undersigned, as holder (the "Holder") of the City of Los Angeles Multifamily Mortgage Revenue Note, (Martha Bryant Manor Apartments) Series 2014J (the "Tax Exempt Note") issued under a Loan and Security Agreement dated as of [_____] 1, 2014] (the "Loan Agreement") among the Borrower, the Funding Lender, the Fiscal Agent and the Governmental Lender (each as defined in the Loan Agreement), hereby represents that:

1. The Holder has sufficient knowledge and experience in financial and business matters with respect to the evaluation of residential real estate developments such as the Project to be able to evaluate the risk and merits of the investment represented by the Tax Exempt Note. We are able to bear the economic risks of such investment.

2. The Holder acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable lender would attach significance in making investment decisions, and the Holder has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Governmental Lender, the Project, the Borrower, the use of proceeds of the Tax Exempt Note, the Loan and the security therefor so that, as a reasonable investor, the Holder has been able to make its decision to acquire the Tax Exempt Note. The Holder acknowledges that it has not relied upon the addressees hereof for any information in connection with the Holder's purchase of the Tax Exempt Note.

3. The Holder is an Approved Transferee.

4. The Holder acknowledges that it is purchasing the Tax Exempt Note for investment for its own account and not with a present view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Tax Exempt Note; provided, however, that the Holder may sell or transfer the Tax Exempt Note in whole or any participation interests in the Tax Exempt Note, to an Approved Transferee, subject to delivery to the Governmental Lender and the Fiscal Agent of representations from the transferee in substantially the same substance as these Required Transferee Representations with no revisions except as may be approved in writing by the Governmental Lender. The Holder shall not sell or transfer the Tax Exempt Note or any interest therein to a party related to or affiliated with the Borrower or any general partner, limited partner or member of the Borrower without the prior written consent of the Governmental Lender.

5. The Holder understands that the Tax Exempt Note is a limited obligation of the Governmental Lender, payable solely from funds and moneys pledged and assigned under the Loan Agreement, and that the liabilities and obligations of the Governmental Lender with respect to the Tax Exempt Note is expressly limited as set forth in the Loan Agreement and related documents.

6. The Holder hereby waives the requirement of any “due diligence investigation or inquiry” by the Governmental Lender, by each employee of the Governmental Lender, by each member of the City Council of the Governmental Lender, and by counsel to the Governmental Lender, the Fiscal Agent, counsel to the Fiscal Agent and Tax Exempt Note Counsel in connection with the authorization, execution and delivery of the Tax Exempt Note and the Holder’s purchase of the Tax Exempt Note, other than, in the case of counsel, such professional due diligence normally and customarily required for such counsel to deliver any opinion delivered by it in connection with the issuance of the Tax Exempt Note. The Holder recognizes and agrees that the Governmental Lender, each employee of the Governmental Lender, each member of the City Council of the Governmental Lender, counsel to the Governmental Lender, the Fiscal Agent, counsel to the Fiscal Agent and Tax Exempt Note Counsel have made no representations or statements (expressed or implied) with respect to the accuracy or completeness of any of the materials reviewed by the Holder in connection with the Holder’s purchase of the Tax Exempt Note. In making an investment decision, the Holder is relying upon its own examination of the Governmental Lender, the Borrower, the Project and the terms of the Tax Exempt Note.

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

8. The Holder acknowledges that the Tax Exempt Note is a limited obligation of the Governmental Lender, payable solely from amounts provided by or at the direction of the Borrower, and is not an obligation payable from the general revenues or other funds of the Governmental Lender, the State of California or any other political subdivision of the State of California. The Holder acknowledges that the Governmental Lender is issuing the Tax Exempt Note on a conduit, nonrecourse basis, and has no continuing obligations with respect thereto except as expressly set forth in the Loan Agreement.

9. The Holder agrees to indemnify and hold harmless the Governmental Lender, its officers, employees and agents and the members of the governing board of the Governmental Lender, past, present and future, with respect to any claim asserted against any of them that is based upon the Holder’s sale, transfer or other disposition of its interest in the Tax Exempt Note in violation of the provisions hereof or of the Loan Agreement or any inaccuracy in any statement made by the Holder in these representations.

10. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Loan Agreement.

[_____], as Holder

By _____
Name _____
Authorized Signatory

[Signature Page to Required Transferee Representations]

EXHIBIT C

FORM OF PROJECT FUND REQUISITION

TO: U.S. Bank National Association, as
Fiscal Agent under the Loan and Security
Agreement dated as of [DATED DATE]
(the "Loan Agreement") among the
City of Los Angeles, the Funding Lender
[BORROWER],
and said Fiscal Agent.

Requisition No. _____

Dated: _____

This requisition is being delivered to you in accordance with the Loan Agreement dated as of December 1, 2014 (the "Loan Agreement") among Boston Private Bank & Trust Company (the "Funding Lender"), the City of Los Angeles (the "Governmental Lender"), Martha Bryant Village II, L.P. (the "Borrower") and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent") pursuant to which the Tax Exempt Note (as defined in the Loan Agreement) (the "Tax Exempt Note") was issued. Capitalized terms not defined herein shall have the meanings assigned thereto in the Loan Agreement.

1. You are requested to disburse funds in the amount of \$_____ from the Note Proceeds Account [and/or \$_____ from the Borrower Equity Account] of the Project Fund as Draw #___ pursuant to Section 5.02 of the 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:

(a) there has been received no notice (i) 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 (ii) 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;

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

(c) 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;

(d) 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 Loan Agreement, the Regulatory Agreement or the Federal Tax Certificate;

(e) not less than 95% of the sum of: (i) the amounts requisitioned by this Requisition to be funded from the Note Proceeds Account of the Project Fund plus (ii) all amounts previously disbursed from the Note Proceeds Account of the Project Fund have been or will be applied by the Borrower to pay Qualified Project Costs;

(f) 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

(g) 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 Loan Agreement.

[This page intentionally left blank; signature page follows]

Dated: _____, 20____

MARTHA BRYANT VILLAGE II, L.P., as
Borrower

By _____
Name _____
Title _____

[For Requisitions from Note Proceeds Account]

Approved by Funding Lender:

BOSTON PRIVATE BANK & TRUST
COMPANY

By _____
Name _____
Title _____
Date _____

[For all Requisitions]

Approved by the Governmental Lender:

For Governmental Lender consent requirements,
see Section 5.02 of the Loan Agreement.

CITY OF LOS ANGELES,
as Governmental Lender

By _____
Name _____
Title _____
Date _____

SCHEDULE I

EXHIBIT D

FORM OF REQUISITION FOR CLOSING COSTS

TO: U.S. Bank National Association, as
Fiscal Agent under the Loan and Security
Agreement dated as of December 1, 2014
(the "Loan Agreement") among the
City of Los Angeles, the Funding Lender,
[BORROWER],
and said Fiscal Agent.

Requisition No. _____

Dated: _____

The undersigned, an authorized representative of Martha Bryant Village II, L.P., 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 loan funded with proceeds of the City of Los Angeles Multifamily Mortgage Revenue Note (Martha Bryant Manor Apartments), Series 2014J (the "Tax Exempt Note"), 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 Loan Agreement pursuant to which the Tax Exempt Note was issued and delivered. You are hereby instructed to withdraw from the Closing Costs Fund created under the 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 means as is acceptable to you and any such payee.

Very truly yours,

MARTHA BRYANT VILLAGE II, L.P., as
Borrower

By _____
Name _____
Title _____
Date _____

Approved by Funding Lender:

CITIBANK, N.A.

By _____
Name _____
Title _____
Date _____

Approved by the Governmental Lender:

CITY OF LOS ANGELES

By _____
Helmi A. Hisserich
Assistant General Manager
Date _____

SCHEDULE A

Note: \$[_____] City of Los Angeles Multifamily Mortgage Revenue Note (Martha Bryant Manor Apartments), Series 2014J dated December 1, 2014

Payee:

Amount:

Method of Payment:

Description of Expense: