REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 9, 2023

CAO File No. 0220-00540-1648
Council File No. 21-0677
Council District: 15

To: The Mayor
The Council

From: for Matthew W. Szabo, City Administrative Officer

Yolanda Chavez

Reference: Los Angeles Housing Department transmittal dated February 26, 2023; Received by the City Administrative Officer on February 27, 2023; Additional Information Received through March 8, 2023

Subject: **REQUEST FOR AUTHORITY TO ISSUE SUPPLEMENTAL TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE NOTES IN AN AMOUNT UP TO $1,567,357, AND EXECUTE RELATED FINANCING DOCUMENTS FOR AVALON 1355 APARTMENTS, A SUPPORTIVE HOUSING PROJECT**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Note and file the Los Angeles Housing Department (LAHD) transmittal, dated February 26, 2023, relative to the issuance of the supplemental tax-exempt multifamily conduit revenue notes for the Avalon 1355 Apartments project;

2. Adopt the Resolution attached to this report, authorizing the issuance of up to $1,567,357 in supplemental tax-exempt multifamily conduit revenue notes for the Avalon 1355 Apartments project; and,

3. Authorize the General Manager of the LAHD, or designee, to negotiate and execute the relevant financing documents for the Avalon 1355 Apartments project, subject to the approval of the City Attorney as to form.

SUMMARY

The Los Angeles Housing Department (LAHD) requests authority to issue supplemental tax-exempt multifamily housing conduit revenue notes in an amount not to exceed $1,567,357 to finance the construction of the affordable housing development known as Avalon 1355 Apartments (Project). The Project will consist of 53 units of supportive housing for individuals experiencing homelessness and chronic homelessness, and one unrestricted manager unit. The subject site is

located at 1335-1359 North Avalon Boulevard, Los Angeles, CA 90744 in Council District 15. The City previously issued $15,675,000 in tax-exempt notes for the Project on February 9, 2022 (C.F. 21-0677). A supplemental tax-exempt note issuance is now required since the Project's budget was impacted by construction and design cost increases. The California Debt Limit Allocation Committee (CDLAC) awarded a supplemental tax-exempt bond allocation for the Project on December 1, 2022 in an amount not to exceed $1,567,357 and designated a May 30, 2023 issuance deadline. Subsequent to the release of its transmittal, dated February 26, 2023, the LAHD provided a revised Bond Resolution to reflect the correct 2022 note issuance amount. The revised Bond Resolution is attached to this report for Council's consideration and adoption. This Office concurs with the Department's recommendations, as amended, to include the revised Bond Resolution.

The City's involvement in the issuance of multifamily housing conduit revenue bonds, or notes, is considered true conduit financing, in which the obligation for repayment of the notes is the responsibility of Avalon 1355 Partners, LP. The financing is consistent with City policies regarding conduit financing in that the City bears no financial responsibility for repayment as the issuer. There will be no impact to the General Fund.

The Council adopted a Responsible Banking Ordinance (RBO) in May 2012 (C.F. 09-0234 and C.F. 09-0234-S1). The purpose of the RBO is to create a social investment policy that reflects the community's priorities and acts as a tool when seeking financial services. Bank of America, National Association (Bank of America) and U.S. Bank Trust Company, National Association (U.S. Bank) are currently in compliance with the reporting requirements of the RBO and LAHD will ensure that Bank of America and U.S. Bank continue to comply with the City's RBO. The City acts only as a conduit issuer, not the borrower, in this note transaction and has no financial interest in this transaction.

In accordance with the Los Angeles Administrative Code Section 11.27.40, Council approval is required for the issuance of bonds or notes for the acquisition, development, construction, and rehabilitation of affordable housing.

FISCAL IMPACT STATEMENT

There will be no impact to the General Fund as a result of the issuance of these supplemental tax-exempt multifamily conduit revenue notes (notes) for Avalon 1355 Apartments (Project). The City is a conduit issuer and does not incur liability for the repayment of the notes, which are a limited obligation payable solely from the revenues of the Project, and the City is not, under any circumstances, obligated to make payments on the notes.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City's Financial Policies in that the notes are a limited obligation payable solely from the revenues of the Project and the City is not, under any circumstances, obligated to make payments on the notes.

DEBT IMPACT STATEMENT

There is not debt impact as these notes are a conduit issuance debt and not a debt of the City.

MWS:CV:02230078c

Attachment

RESOLUTION

CITY OF LOS ANGELES

A RESOLUTION AUTHORIZING THE ISSUANCE AND DELIVERY OF ONE OR MORE SERIES OF MULTIFAMILY NOTES BY THE CITY OF LOS ANGELES DESIGNATED AS ITS MULTIFAMILY MORTGAGE REVENUE NOTE (AVALON 1355 APARTMENTS) SERIES 2023L IN A MAXIMUM PRINCIPAL AMOUNT NOT TO EXCEED $1,567,357 TO PROVIDE FINANCING FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE MULTIFAMILY HOUSING PROJECT SPECIFIED IN PARAGRAPH 16 HEREOF AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND AGREEMENTS AND THE TAKING OF RELATED ACTIONS INCLUDING THE EXECUTION OF AMENDATORY DOCUMENTS THERETO.

WHEREAS, the City of Los Angeles (the "City") is authorized, pursuant to the provisions of Section 248, as amended, of the City Charter of the City (the "City Charter") and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (the "Law") to issue its obligations for the purposes of providing financing for the acquisition, rehabilitation, construction, equipping and development of multifamily rental housing for persons of low and moderate income (the "Program") which will satisfy the provisions of Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act"); and

WHEREAS, the City previously issued on February 9, 2022, pursuant to its resolution adopted by the City Council on November 23, 2021 and pursuant to a plan of financing, its Multifamily Mortgage Revenue Note (Avalon 1355 Apartments) Series 2022A (the "2022A Note"), in a principal amount not to exceed $15,675,000; and

WHEREAS, Avalon 1355 Partners, LP, a California limited partnership (the "Owner") has requested the City to authorize the issuance of an additional series of note to finance additional costs of the multifamily rental housing project described in paragraph 16 below (the "Project"); and

WHEREAS, the City now desires to issue its revenue note pursuant to the Law, and in accordance with the Act, to provide financing for the acquisition, construction and equipping of the Project; and

WHEREAS, the Project will be located wholly within the City; and

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

WHEREAS, the City proposes to issue, pursuant to the Law and in accordance with the Act, its Multifamily Mortgage Revenue Note (Avalon 1355 Apartments) Series 2023L (the "Note") with a principal amount not to exceed $1,567,357; and

WHEREAS, the City proposes to use the proceeds of the Note to fund a loan to the Owner to finance a portion of the acquisition, construction and equipping of the Project and, if applicable, to pay certain costs of issuance in connection with the issuance of the Note; and

WHEREAS, Bank of America, N.A., or a subsidiary or affiliate thereof (the "Funding Lender") has expressed its intention to make a loan (the "Funding Loan") to the City and as evidence for such loan acquire (or to cause a subsidiary or affiliate to acquire) the Note authorized hereby in whole, and this Council (the "City Council") finds that the public interest and necessity require that the City at this time make arrangements for the issuance and delivery of such Note; and

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

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

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

WHEREAS, pursuant to Section 147(f) of the Code, the City caused a notice to appear in the *Los Angeles Times*, which is a newspaper of general circulation in the City, on May 19, 2021, to the effect that a public hearing would be held on May 26, 2021, regarding the issuance of the 2022A Note and the Note in a combined principal amount not exceeding $17,843,000, pursuant to a plan of financing; and

WHEREAS, the Los Angeles Housing and Community Investment Department (subsequently known as the Los Angeles Housing Department) held said public hearing on such date, at which time an opportunity was provided to present arguments both for and against the issuance of the 2022A Note and the Note; and

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

WHEREAS, the Owner of the Project has engaged the Funding Lender to provide to the City the following information as a good faith estimate of the cost of the Note financing and the City disclosed such information in accordance with Section 5852.1 of the California Government Code: (a) the true interest cost of the Note, (b) the finance charge of the Note, including all third party expenses, (c) the amount of proceeds received by the City for the issuance and delivery of the Note less the finance charge of the Note and any reserves or capitalized interest paid or funded

with proceeds of the Note and (d) the total payment amount, all as reflected on the attached Exhibit A (the "Financing Information"); and

WHEREAS, such Financing Information has been disclosed in connection with the City Council meeting in which this Resolution is approved;

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

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

2. Pursuant to the Law and in accordance with the Act and the Funding Loan Agreement (as hereinafter defined) a revenue note of the City, to be designated as "City of Los Angeles Multifamily Mortgage Revenue Note (Avalon 1355 Apartments) Series 2023L" in a principal amount not to exceed $1,567,357 is hereby authorized to be issued. The principal amount of the Note to be issued shall be determined by a Designated Officer (as defined below) in accordance with this Resolution.

3. The proposed form of Funding Loan Agreement (the "Funding Loan Agreement"), among the City, the Funding Lender and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"), in substantially the form attached hereto, is hereby approved along with any additions or supplements which may, in the determination of a Designated Officer, be necessary to document the issuance of the Note authorized hereunder. The Mayor of the City, the General Manager, any Acting General Manager or any Interim General Manager, any Assistant General Manager, or any Acting Assistant General Manager, Interim Assistant General Manager, Executive Officer, Director or Acting Director—Finance and Development Division of the Housing Development Bureau of the Los Angeles Housing Department (each hereinafter referred to as a "Designated Officer") are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Funding Loan Agreement, with such additions, changes or corrections as the Designated Officer executing the same may approve upon consultation with the City Attorney and Bond Counsel to the City and approval by the City Attorney, provided that such additions or changes shall not authorize an aggregate principal amount of the Note in excess of the amount stated above, such approval by the City Attorney to be conclusively evidenced by the execution and delivery of the Funding Loan Agreement with such additions, changes or corrections.

4. The proposed form of Borrower Loan Agreement (the "Loan Agreement"), by and among the City, the Fiscal Agent, the Funding Lender and the Owner, in substantially the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute the Loan Agreement, with such additions, changes or corrections as the Designated Officer executing the same may approve upon consultation with the City Attorney and Bond Counsel and approval by the City Attorney, such approval to be conclusively evidenced by the execution of said Loan Agreement with such additions, changes or corrections.

5. The proposed form of the Note, as set forth in the Funding Loan Agreement, is hereby approved, and the Mayor and City Treasurer, Interim City Treasurer, or Deputy City Treasurer of the City are hereby authorized and directed to execute, by manual or facsimile signatures of such officers under the seal of the City, and the Fiscal Agent or an authenticating agent, is hereby authorized and directed to authenticate, by manual signatures of one or more authorized officers of the Fiscal Agent or an authenticating agent, the Note in substantially such form and the Fiscal Agent is hereby authorized and directed to issue and deliver the Note to the Funding Lender in accordance with the Funding Loan Agreement. The date, maturity dates, interest rate or rates (which may be either fixed or variable), interest payment dates, denomination, form of registration privileges, manner of execution, place of payment, terms of redemption, use of proceeds, series designation and other terms of the Note shall be as provided in the Funding Loan Agreement as finally executed; provided, however, that the principal amount of the Note shall not exceed $1,567,357, the interest rate on the Note shall not exceed 12% per annum, and the final maturity of the Note shall be no later than forty years after the date of Note issuance. The initial purchase price of the Note shall be 100% of the principal amount thereof to be paid as advances are made with respect to the Note by the Funding Lender. The Note may, if so provided in the Funding Loan Agreement, be issued as a "draw-down" note to be funded over time as provided in the Funding Loan Agreement. Such Note may be delivered in temporary form pursuant to the Funding Loan Agreement if, in the judgment of the City Attorney, delivery in such form is necessary or appropriate until the Note in definitive form can be prepared.

6. The proposed form of Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") to be entered into by and among the City, the Fiscal Agent and the Owner, which amends and restates in whole the regulatory agreement executed in connection with the issuance of the 2022A Note, substantially in the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver one or more Regulatory Agreements, with such additions, changes and corrections as the Designated Officer may approve upon consultation with the City Attorney and Bond Counsel and approval of the City Attorney, such approval to be conclusively evidenced by the execution of said Regulatory Agreement with such additions, changes or corrections. Any Designated Officer is hereby authorized and directed for and in the name and on behalf of the City to execute amendments to the Regulatory Agreement in order that interest on the 2022A Note and the Note remains tax-exempt.

7. All actions heretofore taken by the officers and agents of the City with respect to the issuance and delivery of the Note are hereby approved, confirmed and ratified, and each Designated Officer of the City, the City Clerk and other properly authorized officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including, but not limited to, those described in the Funding Loan Agreement, the Loan Agreement, the Regulatory Agreement and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of

the Note and the implementation of the Program in accordance with the Act and the Law and this Resolution and resolutions heretofore adopted by the City.

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

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

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

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

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

13. Each Designated Officer and other properly authorized officials of the City as specifically authorized under this resolution are hereby authorized, directed and empowered on behalf of the City and this Council to execute any other additional applications, certificates, agreements, documents or other instruments or any amendments or supplements thereto, subject to approval by the City Attorney as to form, or to do and to cause to be done any and all other acts and things as they may deem necessary or appropriate to carry out the purpose of the foregoing authorizations and to address any issues arising with respect to the Note or the agreements relating thereto subsequent to their issuance.

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

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

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

Project Name	# of Units	Address	Owner
Avalon 1355 Apartments	54 (including 1 manager unit)	1335-1359 North Avalon Boulevard, Los Angeles, CA 90744	Avalon 1355 Partners, LP

I certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting on _____ _____, 2023.

By _____
Name _____
Title _____

EXHIBIT A

FINANCING INFORMATION

[ATTACHED]

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the following good faith estimate is provided by Bank of America, N.A., at the request of Avalon 1355 Partners, LP, to the City of Los Angeles (the "City") prior to the City's regular City Council (the "Council") meeting (the "Meeting") at which Meeting the Council will consider the authorization of conduit revenue obligations (the "Loan") as identified below.

1. Name of Borrower: Avalon 1355 Partners, LP

2. Amount of Bond Issue / Conduit Revenue Obligations: $1,567,357

3. Name of Bond Issue / Conduit Revenue Obligations: City of Los Angeles Multifamily Mortgage Revenue Note (Avalon 1355 Apartments) Series 2023L.

4. _X_ Private Placement Lender or Bond Purchaser, __ Underwriter or __ Financial Advisor (mark one) engaged by the Borrower from which the Borrower obtained the following required good faith estimates relating to the Loan:

   (A) The true interest cost of the Loan, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of Loan (to the nearest ten-thousandth of one percent): 7.05%

   (B) The finance charge of the Loan, which means the sum of all fees and charges paid to third parties: $100,000.

   (C) The amount of proceeds received by the public body for sale of the Loan less the finance charge of the bonds described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Loan: $1,467,357.

   (D) The total payment amount, which means the sum total of all payments the borrower will make to pay debt service on the Loan plus the finance charge of the Loan described in subparagraph (B) not paid with the proceeds of the Loan (which total payment amount shall be calculated to the final maturity of the Loan): $1,750,231.

This document has been made available to the public at the Meeting of the Council.

BORROWER LOAN AGREEMENT

among

CITY OF LOS ANGELES,
as Governmental Lender,

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

BANK OF AMERICA, N.A.,
as Funding Lender

and

AVALON 1355 PARTNERS, LP,
as the Borrower

Dated as of [_____] 1, 2023

Relating to:

$[1,567,357]
City of Los Angeles
Multifamily Mortgage Revenue Note
(Avalon 1355 Apartments)
Series 2023L

The interest of the Governmental Lender in this Borrower Loan Agreement (except for certain rights described herein) has been pledged and assigned to U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent") and to Bank of America, N.A., as funding lender (the "Funding Lender"), under that certain Funding Loan Agreement, of even date herewith, by and among the City of Los Angeles (the "Governmental Lender"), the Fiscal Agent and the Funding Lender, under which the Funding Lender is originating a loan to the Governmental Lender the proceeds of which are to be used to fund the Borrower Loan (as defined herein) made under this Borrower Loan Agreement.

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BORROWER LOAN AGREEMENT

THIS BORROWER LOAN AGREEMENT (this "Borrower Loan Agreement") is entered into as of the first day of [_____], 2023, between the **CITY OF LOS ANGELES**, a municipal corporation and charter city of the State of California (together with its successors and assigns, the "Governmental Lender"), **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association (together with its successors and assigns, the "Fiscal Agent"), **BANK OF AMERICA, N.A.**, a national banking association, in its capacity as initial funding lender (the "Funding Lender") and **AVALON 1355 PARTNERS, LP**, a Delaware limited partnership (together with its successors and assigns, the "Borrower").

W I T N E S S E T H :

WHEREAS, pursuant to Section 248 of the City Charter of the City of Los Angeles and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (collectively, the "Law"), and in accordance with Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act"), the Governmental Lender is empowered to issue its revenue bonds, notes or other evidences of indebtedness to finance the acquisition, 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 Borrower has previously applied to the Governmental Lender for a loan to pay a portion of the costs of the acquisition, construction, development, equipping and/or operation of a 54-unit (including one manager unit) multifamily residential rental project located in the City of Los Angeles, Los Angeles County, California, at 1355 North Avalon Boulevard (formerly known as 1335-1359 North Avalon Boulevard), known or to be known as Avalon 1355 (the "Project") and in connection therewith entered into, among others, a Borrower Loan Agreement with the Governmental Lender dated as of February 1, 2022 relating to that $15,675,000 maximum principal amount City of Los Angeles Multifamily Mortgage Revenue Note (Avalon 1355 Apartments) Series 2022A (the "2022 Governmental Lender Note"); and

WHEREAS, the Borrower has applied to the Governmental Lender for a supplemental loan (the "Borrower Loan"), to pay additional costs of the acquisition, construction, development, equipping and/or operation of the Project; and

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

WHEREAS, the Borrower has requested the Governmental Lender to enter into that certain Funding Loan Agreement, of even date herewith (the "Funding Loan Agreement"), among the Governmental Lender, U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent") and Bank of America, N.A., as initial funding lender (together with any successors hereunder, the "Funding Lender"), under which the Funding Lender will make a loan (the "Funding Loan") to the Governmental Lender, the proceeds of which will be loaned under this Borrower Loan Agreement to the Borrower to finance the acquisition, construction, development, equipping and/or operation of the Project; and

WHEREAS, the Borrower Loan is secured by, among other things, that certain Amended and Restated Construction and Permanent Deed of Trust, with Assignment of Rents, Security Agreement and Fixture Filing (as amended, restated and/or supplemented from time to time, the "Security Instrument"), made by the Borrower for the benefit of the Governmental Lender and assigned to the Fiscal Agent to secure the Funding Loan, encumbering the Project, and will be advanced to the Borrower pursuant to this Borrower Loan Agreement, the Funding Loan Agreement and the Construction Disbursement Agreement; and

WHEREAS, pursuant to that certain Loan Purchase Agreement dated as of February 1, 2022 (the "Loan Purchase Agreement"), by and among the Borrower, the Funding Lender and California Community Reinvestment Corporation ("CCRC"), CCRC has agreed, subject to the satisfaction of the terms and conditions set forth therein, to purchase up to $5,000,000 in aggregate principal amount of the Funding Loan evidenced by the 2022 Governmental Lender Note [and may amend the Loan Purchase Agreement to provide for purchase of up to [$1,268,178] of the Governmental Lender Note] from the Funding Lender, and upon completion of such purchase on the Conversion Date in accordance with the Loan Purchase Agreement, as amended, for all purposes of this Borrower Loan Agreement, CCRC will become the Funding Lender. In connection with such purchase of the Funding Loan, the Funding Lender will assign its rights, interests and obligations under this Borrower Loan Agreement, the Governmental Lender Note, the Funding Loan Agreement, the Borrower Note, the Security Instrument and certain other documents executed in connection with the Borrower Loan to CCRC as of the Conversion Date.

AGREEMENT:

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

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

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

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

(b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with GAAP.

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

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

(e) Unless otherwise specified, (i) all references to sections and schedules are to those in this Borrower Loan Agreement, (ii) the words "hereof," "herein" and "hereunder" and words of similar import refer to this Borrower Loan Agreement as a whole and not to any particular provision, (iii) all definitions are equally applicable to the singular and plural forms of the terms defined and (iv) the word "including" means "including but not limited to."

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

"*Act*" shall mean Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State, as now in effect and as it may from time to time hereafter be amended and supplemented.

"*Act of Bankruptcy*" shall mean the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding) under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect; provided that, in the case of an involuntary proceeding, such proceeding is not dismissed within 90 days after the commencement thereof.

"*ADA*" shall have the meaning set forth in Section 4.1.38 hereof.

"*Additional Borrower Payments*" shall mean, prior to the Conversion Date, the payments payable pursuant to Section 2.5 hereof (Additional Borrower Payments), Section 2.6 hereof (Overdue Payments; Payments in Default), Section 1.2 of the Construction Disbursement Agreement (Borrower Loan in Balance), and Section 5.14 hereof (Expenses) and from and after

the Conversion Date, the payments payable pursuant to Section 2.5 hereof (Additional Borrower Payments), Section 2.6 hereof (Overdue Payments; Payments in Default), Section 5.14 hereof (Expenses) and Section 6 of the Borrower Note (Principal Prepayments).

"*Administrative General Partner*" shall mean Avalon 1355 GP, LLC, a Delaware limited liability company.

"*Affiliate*" shall have the meaning set forth in the Funding Loan Agreement.

"*Agreement of Environmental Indemnification*" shall mean, collectively, that certain Amended and Restated Indemnity Agreement (Borrower) [of even date herewith], executed by the Borrower for the benefit of the Funding Lender, the Servicer, the Fiscal Agent, the Governmental Lender and CCRD and each of their respective successors and assigns and that certain Amended and Restated Indemnity Agreement (Third Party) of even date herewith, executed by the Borrower for the benefit of the Funding Lender, the Servicer, the Fiscal Agent, the Governmental Lender, CCRC and each of their respective successors and assigns.

"*Appraisal*" shall mean an appraisal of the Project and Improvements, which appraisal shall be (a) performed by a qualified appraiser licensed in the State selected by the Funding Lender, and (b) satisfactory to the Funding Lender (including, without limitation, as adjusted pursuant to any internal review thereof by the Funding Lender) in all respects.

"*Architect*" shall mean any licensed architect, space planner or design professional that the Borrower may engage from time to time, with the Written Approval of the Funding Lender, to design any portion of the Improvements, including the preparation of the Plans and Specifications.

"*Architect's Agreement*" shall mean any agreement that the Borrower and any Architect from time to time may execute pursuant to which the Borrower engages such Architect to design any portion of the Improvements, including the preparation of the Plans and Specifications, as approved by the Funding Lender.

"*Authorized Borrower Representative*" shall mean a person at the time designated and authorized to act on behalf of the Borrower by a Written Certificate furnished to the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer and containing the specimen signature of such person and signed on behalf of the Borrower by its Borrower Controlling Entity which certificate may designate one or more alternates.

"*Bankruptcy Code*" shall mean the United States Bankruptcy Reform Act of 1978, as amended from time to time, or any substitute or replacement legislation.

"*Bankruptcy Event*" shall mean the occurrence of any of the following; (i) if the Borrower, any General Partner, or any Guarantor files a voluntary petition in bankruptcy under Title 11 of the United States Code, or (ii) an order for relief shall be issued against any such Borrower, any General Partner or Guarantor in any involuntary petition in bankruptcy under Title 11 of the United States Code, or (iii) if the Borrower, any General Partner, or any Guarantor shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief of debtors, or (vi) if the

Borrower, any General Partner or any Guarantor shall seek or consent to or acquiesce in the appointment of any custodian, trustee, receiver, conservator or liquidator of the same, or of all or any substantial part of its respective property, or (v) if the Borrower, any General Partner or any Guarantor shall make an assignment for the benefit of creditors, or (vi) if the Borrower, any General Partner or any Guarantor shall give notice to any governmental authority or body of insolvency or pending insolvency or suspension of operation.

"*Bankruptcy Proceeding*" shall have the meaning set forth in Section 4.1.8 hereof.

"*Beneficiary Parties*" shall mean, collectively, the Funding Lender, the Servicer, the Fiscal Agent and the Governmental Lender.

"*Borrower*" shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

"*Borrower Affiliate*" shall mean, as to the Borrower, its General Partners or the Guarantor, (i) any entity that directly or indirectly owns, controls, or holds with power to vote, 20% or more of the outstanding voting securities of the Borrower, its General Partners or the Guarantor, (ii) any corporation 20% or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by the Borrower, a General Partner or the Guarantor, (iii) any partner, shareholder or, if a limited liability company, member of the Borrower, its General Partners or the Guarantor, or (iv) any other person that is related (to the third degree of consanguinity) by blood or marriage to the Borrower, its General Partners or the Guarantor (to the extent any of the Borrower, its General Partners or the Guarantor is a natural person); provided, however, that the Equity Investor shall not be a Borrower Affiliate.

"*Borrower Controlling Entity*" shall mean, if the Borrower is a partnership, any general partner or managing partner of the Borrower, or if the Borrower is a limited liability company, the manager or managing member of the Borrower, or if the Borrower is a not for profit corporation, the shareholders thereof.

"*Borrower Loan*" shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to this Borrower Loan Agreement, in the maximum principal amount of the Borrower Loan Amount, as evidenced by the Borrower Note. For clarity, the Borrower Loan is also sometimes referred to as the "Project Loan" in the Construction Disbursement Agreement and the other Borrower Loan Documents.

"*Borrower Loan Agreement*" shall mean this Borrower Loan Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"*Borrower Loan Amount*" shall mean the original aggregate maximum principal amount of the Borrower Note, not to exceed $[1,567,357].

"*Borrower Loan Documents*" shall mean this Borrower Loan Agreement, the Construction Disbursement Agreement, the Borrower Note, the Security Instrument, the Agreement of Environmental Indemnification, the Guaranty, the Assignment of Contracts, the Assignment of Management Agreement, the Assignment of AHAP, the Subordination Agreements, and all other

documents or agreements evidencing, securing, guarantying or relating to the Borrower Loan and from and after the Conversion Date, "*Borrower Loan Documents*" shall also include the Supplemental Agreement and the Replacement Reserve Agreement.

"*Borrower Loan Payment Date*" shall mean (i) the date upon which regularly scheduled Borrower Loan Payments are due pursuant to the Borrower Note, or (ii) any other date on which the Borrower Note is prepaid or paid, whether at the scheduled maturity, prepayment, upon the acceleration of the maturity thereof or otherwise.

"*Borrower Loan Payments*" shall mean the monthly loan payments payable pursuant to the Borrower Note.

"*Borrower Loan Proceeds*" shall mean proceeds of the Borrower Loan, to be disbursed in accordance with Section 2.10 of this Borrower Loan Agreement, and the Construction Disbursement Agreement.

"*Borrower Note*" shall mean that certain Promissory Note (Construction to Permanent) dated [_____] 1, 2023, in the original maximum principal amount of $[1,567,357] made by the Borrower and payable to the Governmental Lender, as endorsed and assigned to the Fiscal Agent, for the benefit of the Funding Lender, as it may be amended, supplemented or replaced from time to time.

"*Borrower Payment Obligations*" shall mean all payment obligations of the Borrower under the Borrower Loan Documents, including, but not limited to, the Borrower Loan Payments and the Additional Borrower Payments.

"*Borrower Required Equity*" shall mean the Equity Contributions to be made by the Equity Investor to the Borrower pursuant to the Partnership Agreement.

"*Business Day*" shall mean any day other than (i) a Saturday or Sunday, (ii) a day on which federally insured depository institutions in New York, New York or the city where the Fiscal Agent is located, are authorized or obligated by law, regulation, governmental decree or executive order to be closed, or (iii) in respect to actions to be taken by the Governmental Lender, a California State or City holiday.

"*Calculation Period*" shall mean three consecutive full Calendar Months occurring prior to the Conversion Date, as the same may be extended in accordance with Section 3.1 hereof.

"*Calendar Month*" shall mean each of the 12 calendar months of the year.

"*CC&R's*" shall mean any covenants, conditions, restrictions, maintenance agreements or reciprocal easement agreements affecting the Project or the Mortgaged Property as evidenced by recordation in the real property records of the County of Los Angeles.

"*CCRC*" shall mean the California Community Reinvestment Corporation, a California nonprofit public benefit corporation, and its successors and assigns.

"*City*" shall mean the City of Los Angeles, California.

"*Civil Asset Forfeiture Reform Act*" means the Civil Asset Forfeiture Reform Act of 2000 (18 U.S.C. Sections 983 et seq.), as amended from time to time, and any successor statute.

"*Closing Costs Fund*" shall mean the Closing Costs Fund held by the Fiscal Agent created pursuant to the Funding Loan Agreement.

"*Closing Date*" means [_____], 2023, the date that the initial Borrower Loan Proceeds are disbursed hereunder.

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

"*Collateral*" shall mean all collateral described in (i) this Borrower Loan Agreement (including, without limitation, all property in which the Governmental Lender or the Funding Lender is granted a security interest pursuant to any provision of this Borrower Loan Agreement or any other Borrower Loan Document), (ii) the Security Instrument, or (iii) any other Security Document, which Collateral shall include, the Project, all of which collateral (exclusive of the Unassigned Rights) is pledged and assigned to the Fiscal Agent and the Funding Lender under the Funding Loan Agreement to secure the Funding Loan.

"*Completion*" shall have the meaning set forth in Section 5.25 hereof.

"*Completion Date*" shall have the meaning ascribed to the term "Completion Deadline" in the Construction Disbursement Agreement.

"*Computation Date*" shall have the meaning ascribed thereto in Section 1.148-3(e) of the Regulations.

"*Condemnation*" shall mean any action or proceeding or notice relating to any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Project, whether direct or indirect.

"*Construction Contract*" shall mean any agreement that the Borrower and any Contractor from time to time may execute pursuant to which the Borrower engages the Contractor to construct any portion of the Improvements, as approved by the Funding Lender.

"*Construction Disbursement Agreement*" means that certain Amended and Restated Construction Disbursement Agreement dated as of [_____ 1, 2023], between the Servicer and the Borrower, pursuant to which the Borrower Loan will be advanced by the Funding Lender (or the Servicer on its behalf), on behalf of the Governmental Lender, to the Fiscal Agent for disbursement to the Borrower and setting forth certain provisions relating to disbursement of the Borrower Loan during construction, insurance and other matters, as such agreement may be amended, modified, supplemented and replaced from time to time.

"*Construction Inspector*" shall mean a third-party architect or engineer selected and retained by the Funding Lender, at the cost and expense of the Borrower, to monitor the progress of construction of the Project and to inspect the Improvements to confirm compliance with this Borrower Loan Agreement.

"*Construction Loan Maturity Date*" shall mean [August 9, 2024], as the same may be extended in accordance with the Borrower Note and the Construction Disbursement Agreement.

"*Construction Phase Amount*" shall mean $[1,567,357].

"*Construction Schedule*" shall mean a schedule of construction progress with the anticipated commencement and completion dates of each phase of construction, as the case may be and the anticipated date and amounts of each Disbursement for the same, as approved by the Funding Lender, as assignee of the Governmental Lender.

"*Contractor*" shall mean any licensed general contractor or subcontractor that the Borrower may directly engage from time to time, with the Written Approval of the Funding Lender, to construct and/or rehabilitate any portion of the Improvements.

"*Contractual Obligation*" shall mean, for any Person, any debt or equity security issued by that Person, and any indenture, mortgage, deed of trust, contract, undertaking, instrument or agreement (written or oral) to which such Person is a party or by which it is bound, or to which it or any of its assets is subject.

"*Controlled Substances Act*" means the Controlled Substances Act (21 U.S.C. Sections 801 et seq.), as amended from time to time, and any successor statute.

"*Conversion Conditions*" shall have the meaning given to that term in the Loan Purchase Agreement.

"*Conversion Date*" shall have the meaning given to that term in the Loan Purchase Agreement.

"*Cost Breakdown*" shall mean the schedule of costs for the Improvements, as set forth in the Construction Disbursement Agreement, as the same may be amended from time to time with the Funding Lender's Written Consent.

"*Costs of Funding*" shall mean the Governmental Lender's Closing Fee and the fees, costs, expenses and other charges incurred in connection with the funding of the Borrower Loan and the Funding Loan, including, without limitation, the Funding Lender's fees and expenses, the negotiation and preparation of the Funding Loan Documents and shall include, but shall not be limited to, the following: (i) counsel fees (including but not limited to Tax Counsel, counsel to the Governmental Lender, the Borrower's counsel, the Fiscal Agent's counsel, and the Funding Lender's counsel); (ii) financial advisor fees incurred in connection with the closing of the Borrower Loan and the Funding Loan; (iii) certifying and authenticating agent fees and expenses related to funding of the Funding Loan; (iv) any recording fees; (v) any additional fees charged by the Governmental Lender, including the fees and expenses of the Governmental Lender's financial advisor, or the Fiscal Agent; and (vi) costs incurred in connection with the required public notices

generally and costs of the public hearing related to the Funding Loan and the financing of the Project with the proceeds thereof.

"*Costs of Funding Deposit*" shall mean the amount required to be deposited by the Borrower with the Title Company or the Fiscal Agent into the Closing Costs Fund, to pay Costs of Funding in connection with the closing of the Borrower Loan and the Funding Loan on the Closing Date.

"*Cost of Improvements*" shall mean the costs for the Improvements, as set forth on the Cost Breakdown.

"*County*" shall mean Los Angeles County, California.

"*Date of Disbursement*" shall mean the date of a Disbursement.

"*Day*" or "*Days*" shall mean calendar days unless expressly stated to be Business Days.

"*Debt*" shall mean, as to any Person, any of such Person's liabilities, including all indebtedness (whether recourse or nonrecourse, short term or long term, direct or contingent), all committed and unfunded liabilities, and all unfunded liabilities, that would appear upon a balance sheet of such Person prepared in accordance with GAAP.

"*Default Rate*" shall have the meaning given to that term in the Borrower Note.

"*Determination of Taxability*" shall mean (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum concerning the Governmental Lender Note issued by the National Office of the Internal Revenue Service in which Governmental Lender (at the expense of the Borrower) and the Borrower were afforded the opportunity to participate, (iii) a determination by any court of competent jurisdiction, (iv) the enactment of legislation or (v) receipt by the Funding Lender, at the request of the Governmental Lender, the Borrower or the Funding Lender, of an opinion of Tax Counsel, in each case to the effect that the interest on the Governmental Lender 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 Governmental Lender 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 (i) or (iii) 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 (a) a final determination from which no appeal may be taken with respect to such determination, (b) abandonment of such appeal by the Governmental Lender or the Borrower, as the case may be, or (c) one year from the date of initial determination.

"*Developer*" shall mean, initially, The Richman Group of California Development Company LLC, a California limited liability company and Brilliant Corners, a California nonprofit public benefit corporation.

"*Developer Fee*" shall mean the fees and/or compensation payable to the Developer pursuant to the Development Agreement dated as of February 1, 2022, between the Borrower and the Developer, which fees and/or compensation shall not be paid, prior to the Conversion Date, except as otherwise permitted pursuant to Section 6.13(b) hereof.

"*Disbursement*" means a disbursement of the Borrower Loan Proceeds and Other Borrower Moneys pursuant to this Borrower Loan Agreement.

"*Engineer*" shall mean any licensed civil, structural, mechanical, electrical, soils, environmental or other engineer that the Borrower may engage directly from time to time, with the Written Approval of the Funding Lender, to perform any engineering services with respect to any portion of the Improvements.

"*Engineer's Contract*" shall mean any agreement that the Borrower and any Engineer from time to time may execute pursuant to which the Borrower engages such Engineer to perform any engineering services with respect to any portion of the Improvements, as approved by the Funding Lender.

"*Environmental Report*" shall mean that certain Phase I Environmental Site Assessment Report dated November 9, 2021, and prepared by Farallon Consulting.

"*Equipment*" shall have the meaning given to the term "Personalty" in the Security Instrument.

"*Equity Contributions*" shall mean the Borrower Required Equity and any other equity to be contributed by the Equity Investor to the Borrower, in accordance with and subject to the terms of the Partnership Agreement.

"*Equity Investor*" shall mean, collectively, U.S.A. Institutional Tax Credit Fund CXLI L.P., a Delaware limited partnership, as the limited partner, and The Richman Group Capital Corporation, a Delaware corporation, the special limited partner, and their permitted successors and/or assigns.

"*ERISA*" shall mean the Employment Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

"*ERISA Affiliate*" shall mean all members of a controlled group of corporations and all trades and business (whether or not incorporated) under common control and all other entities which, together with the Borrower, are treated as a single employer under any or all of Section 414(b), (c), (m) or (o) of the Code.

"*Event of Default*" shall mean any Event of Default set forth in Section 7.1 of this Borrower Loan Agreement. An Event of Default shall "exist" if a Potential Default shall have occurred and be continuing beyond any applicable cure periods.

"*Excess Revenues*" shall mean, for any period, the net cash flow of the Borrower available for distribution to shareholders, members or partners (as the case may be) for such period, after the payment of all interest expense, the amortization of all principal of all indebtedness coming

due during such period (whether by maturity, mandatory prepayment, acceleration or otherwise), the payment of all fees, costs and expenses on an occasional or recurring basis in connection with the Borrower Loan or the Funding Loan, the payment of all operating, overhead, ownership and other expenditures of the Borrower directly or indirectly in connection with the Project (whether any such expenditures are current, capital or extraordinary expenditures), and the setting aside of all reserves for taxes, insurance, water and sewer charges or other similar impositions, capital expenditures, repairs and replacements and all other amounts which the Borrower is required to set aside pursuant to any agreement, but excluding depreciation and amortization of intangibles.

"*Exchange Act*" shall mean the Securities Exchange Act of 1934, as amended.

"*Expenses of the Project*" shall mean, for any period, the current expenses, paid or accrued, for the operation, maintenance and current repair of the Project, as calculated in accordance with GAAP, and shall include, without limiting the generality of the foregoing, salaries, wages, employee benefits, cost of materials and supplies, costs of routine repairs, renewals, replacements and alterations occurring in the usual course of business, costs and expenses properly designated as capital expenditures (e.g., repairs which would not be payable from amounts on deposit in any repair and replacement fund held pursuant to the Borrower Loan Documents), a property management fee (however characterized) not to exceed 5.00% of Gross Income plus a 1.00% bonus fee described in the Management Agreement, costs of billings and collections, costs of insurance, and costs of audits. Expenses of the Project shall not include any payments, however characterized, on account of any subordinate financing in respect of the Project or other indebtedness, allowance for depreciation, amortization or other non-cash items, gains and losses or prepaid expenses not customarily prepaid.

"*Fair Market Value*" shall mean the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is an interest in any commingled investment fund in which the Governmental Lender and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of investment. To the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

"*Fiscal Agent*" shall mean the fiscal agent from time to time under and pursuant to the Funding Loan Agreement. Initially, the Fiscal Agent is U.S. Bank Trust Company, National Association.

"*Fiscal Agent Fees*" shall have the meaning set forth in the Funding Loan Agreement.

"*Fitch*" shall mean Fitch, Inc.

"*Funding Lender*" shall mean, initially, Bank of America, N.A., a national banking association; provided, however, that upon a purchase by CCRC of the Funding Loan on the Conversion Date pursuant to the terms and conditions of the Loan Purchase Agreement, CCRC (and its successors and assigns) shall be the Funding Lender for all purposes under the Funding Loan Documents and the Borrower Loan Documents, as holder of the Governmental Lender Note.

"*Funding Lender*" shall mean, initially, Bank of America, N.A., a national banking association as holder of the Governmental Lender Note.

"*Funding Loan*" means the loan in the original aggregate maximum principal amount of $[1,567,357] made by the Funding Lender to the Governmental Lender under the Funding Loan Agreement, the proceeds of which are used by the Governmental Lender to make the Borrower Loan.

"*Funding Loan Agreement*" means the Funding Loan Agreement, of even date herewith, among the Governmental Lender, the Fiscal Agent and the Funding Lender, as it may from time to time be supplemented, modified or amended by one or more amendments or other instruments supplemental thereto entered into pursuant to the applicable provisions thereof.

"*Funding Loan Documents*" shall mean the Funding Loan Agreement, the Borrower Loan Documents, the Regulatory Agreement, the Tax Certificate, all other documents evidencing, securing, governing or otherwise pertaining to the Funding Loan and all amendments, modifications, renewals and substitutions of any of the foregoing.

"*GAAP*" shall mean generally accepted accounting principles as in effect on the date of the application thereof and consistently applied throughout the periods covered by the applicable financial statements.

"*General Partner*" shall mean (i) the Administrative General Partner, the (ii) the Managing General Partner and/or (iii) any other Person that the partners of the Borrower, with the prior written approval of the Funding Lender (or as otherwise expressly permitted without the Funding Lender's approval pursuant to the Borrower Loan Documents), selected to be a general partner of the Borrower.

"*Governmental Authority*" shall mean (i) any governmental municipality or political subdivision thereof, (ii) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, or (iii) any court, administrative tribunal or public utility, agency, commission, office or authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise), now or hereafter in existence.

"*Governmental Lender*" shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

"*Governmental Lender Note*" shall mean that certain City of Los Angeles Multifamily Mortgage Revenue Note (Avalon 1355 Apartments) Series 2023L dated the Closing Date in the

original maximum principal amount of $[1,567,357] made by the Governmental Lender and payable to the Funding Lender, as it may be amended or replaced from time to time.

"*Governmental Lender's Closing Fee*" shall mean $[_____]. The Governmental Lender's Closing Fee is payable to the Governmental Lender on the Closing Date pursuant to Section 2.3(c)(iii) hereof.

"*Gross Income*" shall mean all receipts, revenues, income and other moneys received or collected by or on behalf of the Borrower and derived from the ownership or operation of the Project, if any, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence and proceeds received upon the foreclosure sale of the Project. Gross Income shall not include loan proceeds, Equity Contributions, or tenant security deposits being held by the Borrower in accordance with applicable law.

"*Gross Proceeds*" shall mean, without duplication, the aggregate of:

(a) the net amount (after payment of all expenses of originating the Funding Loan) of the Funding Loan representing the proceeds of the Governmental Lender Note received by the Governmental Lender as a result of the origination of the Funding Loan;

(b) all amounts received by the Governmental Lender as a result of the investment of the Funding Loan representing the proceeds of the Governmental Lender Note;

(c) any amounts held in any fund or account to the extent that the Governmental Lender reasonably expects to use the amounts in such fund to pay any portion of the Funding Loan representing the proceeds of the Governmental Lender Note; and

(d) any securities or obligations pledged by the Governmental Lender or by the Borrower as security for the payment of any portion of the Funding Loan representing the proceeds of the Governmental Lender Note.

"*Guarantor*" shall mean Richman Housing Development LLC, or any other person or entity which may hereafter become a guarantor of any of the Borrower's obligations under the Borrower Loan.

"*Guaranty*" shall mean, collectively, (i) the Amended and Restated Completion Agreement (Affordable Housing- California) dated as of [_____ 1, 2023], by Guarantor for the benefit of the Beneficiary Parties (as defined therein), and (ii) the Amended and Restated Payment Guaranty (Affordable Housing – California) dated [_____] 1, 2023, by Guarantor for the benefit of the Beneficiary Parties (as defined therein).

"*Improvements*" shall mean the 53-unit (plus one manager unit) multifamily residential rental project to be constructed upon the Land and known or to be known as Avalon 1355, and all other buildings, structures, fixtures, wiring, systems, equipment and other improvements and personal property to be constructed and/or installed at or on the Land in accordance with the Cost Breakdown and the Plans and Specifications.

"*Indemnified Party*" shall have the meaning set forth in Section 5.15 hereof.

"*Installment Computation Date*" shall mean any Computation Date other than the first Computation Date or the final Computation Date.

"*Interest Rate*" shall mean the rate of interest accruing on the Borrower Note.

"*Land*" means the real property described on Exhibit A to the Security Instrument.

"*Late Charge*" shall mean the amount due and payable as a late charge on overdue payments under the Borrower Note.

"*Law*" shall mean Section 248 of the City Charter of the City of Los Angeles and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended.

"*Legal Action*" shall mean an action, suit, investigation, inquiry, proceeding or arbitration at law or in equity or before or by any foreign or domestic court, arbitrator or other Governmental Authority.

"*Legal Requirements*" shall mean statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting all or part of the Project or any of Borrower's property (including the Project) or the construction, rehabilitation, use, alteration or operation thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instrument, either of record or known to the Borrower, at any time in force affecting all or part of the Project, including any that may (i) require repairs, modifications or alterations in or to all or part of the Project, or (ii) in any way limit the use and enjoyment thereof. Legal Requirements shall include the Controlled Substances Act.

"*Liabilities*" shall have the meaning set forth in Section 5.15.2 hereof.

"*Licenses*" shall have the meaning set forth in Section 4.1.22 hereof.

"*Lien*" shall mean any interest, or claim thereof, in the Project securing an obligation owed to, or a claim by, any Person other than the owner of the Project, whether such interest is based on common law, statute or contract, including the lien or security interest arising from a deed of trust, mortgage, deed to secure debt, assignment, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project (or any portion thereof).

"*Loan Purchase Agreement*" shall mean that certain Loan Purchase Agreement dated as of February 1, 2022, by and among the Borrower, the Funding Lender and CCRC, pursuant to which the Funding Lender has agreed to sell and CCRC has agreed to purchase on the Conversion Date, subject to the satisfaction of the terms and conditions set forth therein, up to $5,000,000 in principal amount of the funding loan funded with proceeds of the 2022 Governmental Lender Note, [which

may be amended to provide for purchase of a portion of the Funding Loan] on the Conversion Date.

"*Management Agreement*" shall mean the management agreement that has been entered into between the Borrower and the Manager, pursuant to which the Manager is to manage the Project, as same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"*Manager*" shall mean the management company to be employed by the Borrower and approved by the Funding Lender in accordance with the terms of the Security Instrument, this Borrower Loan Agreement or any of the other Borrower Loan Documents. Richman Property Services, Inc., shall be the initial Manager.

"*Managing General Partner*" shall mean Avalon 1355 BC, LLC, a California limited liability company.

"*Mandatory Prepayment Date*" shall mean the Conversion Date.

"*Material Adverse Change*" means any set of circumstances or events which (a) has or could reasonably be expected to have any material adverse effect whatsoever upon the validity or enforceability of this Borrower Loan Agreement or any other Borrower Loan Document; (b) is or could reasonably be expected to be material and adverse to the business, properties, assets, financial condition, or results of operations of the Borrower, the General Partner, the Guarantor or the Property; (c) could reasonably be expected to impair materially the ability of the Borrower, the General Partner or the Guarantor to duly and punctually pay or perform any of their respective obligations under any of the Borrower Loan Documents to which they are a party; or (d) impairs materially or could reasonably be expected to impair materially any rights of or benefits available to the Governmental Lender under this Borrower Loan Agreement or any other Borrower Loan Document, including, without limitation, the ability of the Governmental Lender or, upon the assignment of the Borrower Loan to it, of the Funding Lender, to the extent permitted, to enforce its legal remedies pursuant to this Borrower Loan Agreement or any other Borrower Loan Document.

"*Moody's*" shall mean Moody's Investors Service, Inc., or its successor.

"*Net Operating Income*" shall mean: (i) the Gross Income, less (ii) the Expenses of the Project.

"*Nonpurpose Investment*" shall mean any investment property (as defined in Section 148(b) of the Code) that is acquired with the Gross Proceeds of the Funding Loan and which is not acquired to carry out the governmental purpose of the Funding Loan.

"*Ongoing Governmental Lender Fee*" shall have the meaning given to that term in the Funding Loan Agreement.

"*Other Borrower Moneys*" shall mean monies of the Borrower other than Borrower Loan Proceeds and includes, but is not limited to, the Subordinate Debt, Net Operating Income, the

Equity Contributions and any other funds contributed by or loaned to the Borrower for application to the Costs of the Improvements or other costs associated with the Project.

"*Other Charges*" shall mean all maintenance charges, impositions other than Taxes, and any other charges, including vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Project, now or hereafter levied or assessed or imposed against the Project or any part thereof.

"*Partnership Agreement*" shall mean that certain Amended and Restated Agreement of Limited Partnership of the Borrower dated as of [February 1, 2022], and any amendment and restatement of the Partnership Agreement as either may be amended, restated or modified in accordance with its terms.

"*Patriot Act*" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT ACT) of 2001, as the same may be amended from time to time, and corresponding provisions of future laws.

"*Patriot Act Offense*" shall have the meaning set forth in Section 4.1.48 hereof.

"*Permanent Period*" shall mean the period of time from the Conversion Date to the Term Loan Maturity Date (as defined in the Borrower Note).

"*Permanent Period Amount*" shall mean the principal amount of the Borrower Loan as of the Conversion Date, as determined in accordance with the Loan Purchase Agreement.

"*Permitted Lease*" shall mean a lease and occupancy agreement in the form approved by the Funding Lender, to a residential tenant in compliance with the Legal Requirements, providing for an initial term of not less than six months or more than one year.

"*Permitted Title Exceptions*" shall have the meaning given to that term in the Security Instrument.

"*Person*" shall have the meaning given to that term in the Funding Loan Agreement.

"*Plan*" shall mean (i) an employee benefit or other plan established or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions and (ii) which is covered by Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code.

"*Plans and Specifications*" shall mean the plans and specifications for the construction of the Project approved by the Funding Lender.

"*Potential Default*" shall mean the occurrence of an event which, under this Borrower Loan Agreement or any other Borrower Loan Document, would, but for the giving of notice or the passage of time or both, be an Event of Default.

"*Prepayment Premium*" shall mean any premium payable by the Borrower pursuant to the Borrower Loan Documents in connection with a prepayment of the Borrower Note (including any prepayment premium as set forth in the Borrower Note).

"*Project*" shall mean the Property (as defined in the Security Instrument) and Improvements thereon owned by the Borrower and encumbered by the Security Instrument, together with all rights pertaining to such real property and Improvements, as more particularly described in Section 1 of the Security Instrument and referred to therein as the "Property."

"*Project Agreements and Licenses*" shall mean any and all Construction Contracts, Engineer's Contracts, Architect's Agreements and Management Agreements, and all other rights, licenses, permits, franchises, authorizations, approvals and agreements relating to use, occupancy, operation or leasing of the Project or the Property.

"*Project Fund*" shall mean the Project Fund (and the accounts created therein) held by the Fiscal Agent created pursuant to the Funding Loan Agreement.

"*Property*" shall have the meaning given to that term in the Security Instrument.

"*Provided Information*" shall have the meaning set forth in Section 8.1.1(a) hereof.

"*Qualified Project Costs*" shall, for purposes of this Borrower Loan Agreement, mean costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with Section 1.103-8(a)(1) of the Regulations, provided, however, that only such portion of the interest accrued during construction of the Project shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all costs of the acquisition and construction of the Project; and provided further that interest accruing after the Completion Date shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed by an Affiliate (whether as general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out of pocket costs incurred by such Affiliate in constructing the Project (or any portion thereof) and (B) any overhead expenses incurred by such Affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an "affiliated group" (within the meaning of Section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to May 11, 2021, being the date on which the Governmental Lender first declared its "official intent" to reimburse costs paid with respect to the Project (within the meaning of Section 1.150-2 of the Regulations) or the date of issue of the Governmental Lender Note, and (iv) if the costs of the acquisition and construction of the Project were previously paid and are to be reimbursed with proceeds of the Funding Loan such costs were (A) "preliminary expenditures" (within the meaning of Section 1.150-2(f)(2) of the Regulations) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition and

construction, as the case may be, of the Project that do not exceed 20% of the issue price of the Governmental Lender Note (as defined in Section 1.148-1 of the Regulations), or (B) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three years after the expenditures are paid); provided, however, that (w) Costs of Funding shall not be deemed to be Qualified Project Costs; (x) fees, charges or profits (including without limitation, Developer Fee) payable to the Borrower or a "related person" (within the meaning of Section 144(a)(3) of the Code) shall not be deemed to be Qualified Project Costs; (y) letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk shall be allocated between Qualified Project Costs and other costs and expenses to be paid from the proceeds of the Funding Loan; and (z) letter of credit fees and municipal bond insurance premiums which do not represent a transfer of credit risk (including, without limitation, letter of credit fees payable to a "related person" to the Borrower) shall not constitute Qualified Project Costs.

"*Rating Agency*" shall mean any one and each of S&P, Moody's and Fitch or any other nationally recognized statistical rating agency approved by the Funding Lender.

"*Rebate Amount*" shall mean, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Funding Loan.

"*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 February 1, 2027, and every fifth anniversary thereof, until the earlier of the Maturity Date or earlier date of payment of the Governmental Lender Note in full.

"*Rebate Fund*" shall mean the Rebate Fund created pursuant to the Funding Loan Agreement.

"*Replacement Reserve Agreement*" shall mean the Replacement Reserve Agreement, dated as of February 1, 2022, between the Borrower and CCRC, as the same may be amended, restated or supplemented from time to time.

"*Replacement Reserve Fund Requirement*" shall mean Borrower's funding obligations from time to time under the Replacement Reserve Agreement.

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

"*Regulatory Agreement*" shall have the meaning given to that term in the Funding Loan Agreement.

"*Related Documents*" shall mean, collectively, any agreement or other document to which the Borrower is a party or which binds the Project (other than the Borrower Loan Documents) granting a security interest (including each agreement that is the subject of any Borrower Loan Document), the Partnership Agreement, and any other agreement, instrument or other document (not constituting a Borrower Loan Document) relating to or executed by the Borrower in connection with the transactions contemplated by this Borrower Loan Agreement.

"*Rents*" means all rents (whether from residential or nonresidential space), revenues and other income of the Land or the Improvements, including subsidy payments received from any sources (including, but not limited to payments under any Housing Assistance Payments Contracts or similar agreements), parking fees, laundry and vending machine income and fees and charges for food, health care and other services provided at the Project, whether now due, past due or to become due, and deposits forfeited by tenants.

"*Retainage*" shall mean the retainage required under the Construction Disbursement Agreement.

"*Sanctions*" means, collectively, any sanctions administered or enforced by the United States Government, including OFAC, the United Nations Security Council, the European Union, His Majesty's Treasury, or other relevant sanctions authority.

"*Secondary Market Disclosure Document*" shall have the meaning set forth in Section 8.1.2 hereof.

"*Secondary Market Transaction*" shall have the meaning set forth in Section 8.1.1 hereof.

"*Securities*" shall have the meaning set forth in Section 8.1.1 hereof.

"*Securities Act*" shall mean the Securities Act of 1933, as amended.

"*Security Documents*" shall mean the Security Instrument, this Borrower Loan Agreement, the Replacement Reserve Agreement, the Agreement of Environmental Indemnification, and such other assignment, pledge or security instruments or agreements that secure all or any portion of the Borrower Loan, including those more particularly described in the Construction Disbursement Agreement.

"*Security Instrument*" shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

"*Servicer*" shall mean the Servicer contracting with or appointed by the Funding Lender to service the Borrower Loan. The initial Servicer shall be the Funding Lender.

"*Servicing Agreement*" shall mean any servicing agreement or master servicing agreement, between the Servicer and the Funding Lender relating to the servicing of the Borrower Loan and any amendments thereto or any replacement thereof.

"*Standard & Poor's*" or "*S&P*" shall mean S&P Global Ratings, a business unit of Standard & Poor's Ratings Services, or its successors.

"*State*" shall mean the State of California.

"*Subordinate Debt*" shall mean, collectively, that County General Fund loan from the Los Angeles County Development Authority ("LACDA") in the amount of $580,000, that NPLH loan from the LACDA in the amount of $7,000,000, and that HHH loan from the City through the Los Angeles Housing Department in the amount of $7,000,000.

"*Subordinate Lender*" shall mean, individually and collectively, the lenders of the Subordinate Debt.

"*Subordinate Loan Documents*" shall mean, individually and collectively, all instruments, agreements and other documents evidencing, securing or otherwise relating to the Subordinate Debt or executed and delivered by the Borrower and/or the Subordinate Lender in connection with the Subordinate Debt as the same may be amended, restated, supplemented or otherwise with the Funding Lender's Written Consent.

"*Subordination Agreement*" shall mean those certain Amended and Restated Subordination Agreements each dated as [_____ 1, 2023], by and among the Fiscal Agent, a Subordinate Lender and Borrower, as amended, restated, supplemented or otherwise modified.

"*Substantial Completion Date*" shall mean the date that is three months prior to the Completion Date.

"*Substantially Complete*" or "*Substantially Completed*" means that the Funding Lender has determined that construction of the Improvements is sufficiently complete such that the Improvements can be occupied by tenants as a multifamily residential rental project.

"*Supplemental Agreement*" means that certain Supplemental Agreement dated as of February 1, 2022, by and between the Borrower and CCRC.

"*Tax Counsel*" shall have the meaning set forth in the Funding Loan Agreement.

"*Taxes*" shall mean all taxes, including real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against all or part of the Project.

"*Term*" shall mean the term of this Borrower Loan Agreement pursuant to Section 9.13 hereof.

"*Term Loan Amount*" shall have the meaning set forth in the Construction Disbursement Agreement.

"*Termination Date*" shall have the meaning set forth in the Loan Purchase Agreement.

"*Title Company*" means Commonwealth Land Title Insurance Company.

"*Title Insurance Policy*" shall mean the mortgagee title insurance policy, in form acceptable to the Funding Lender, issued with respect to the Property and insuring the lien of the Security Instrument.

"*Transfer*" shall have the meaning given to that term in the Security Instrument.

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

"*Unassigned Rights*" shall have the meaning given to that term in the Funding Loan Agreement.

"*Unit*" shall mean a residential apartment unit within the Improvements.

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

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

ARTICLE II

GENERAL

Section 2.1. Origination of the Borrower Loan. In order to provide funds for the purposes provided herein, the Governmental Lender agrees that it will, pursuant to the Law and in accordance with the Act, enter into the Funding Loan Agreement and accept the Funding Loan from the Funding Lender. The proceeds of the Funding Loan shall be advanced by the Funding Lender to the Fiscal Agent, and then from the Fiscal Agent to the Borrower in accordance with the terms of the Construction Disbursement Agreement, the Funding Loan Agreement and this Borrower Loan Agreement.

The Governmental Lender hereby assigns to the Funding Lender (other than with respect to the Unassigned Rights), all of its rights, power and authority to take certain actions and exercise certain remedies with respect to the Borrower Loan, and for the other purposes set forth in this Borrower Loan Agreement and to do all other acts necessary or incidental to the performance and execution thereof to the extent those actions and remedies are not delegated to the Fiscal Agent. This assignment is coupled with an interest and is irrevocable except as expressly set forth herein. Accordingly, references to the rights of the Funding Lender to take actions under this Borrower Loan Agreement shall refer to the Funding Lender in its role as assignee to the extent those actions and remedies are not delegated to the Fiscal Agent. The Funding Lender may designate the Servicer to fulfill any such rights and responsibilities granted by the Governmental Lender to the

Funding Lender pursuant to this Section 2.1. Notwithstanding the foregoing, disbursements of the Borrower Loan shall be made from the Project Fund held under the Funding Loan Agreement by the Fiscal Agent.

Section 2.2. Security for the Funding Loan.

(a) As security for the Funding Loan, the Governmental Lender has pledged and assigned to the Fiscal Agent and the Funding Lender, as applicable, under and pursuant to the Funding Loan Agreement (i) the Borrower Note and all of its right, title and interest in and to this Borrower Loan Agreement and the Borrower Loan Documents (except for the Unassigned Rights) and all revenues and receipts therefrom and the security therefor (including the Security Instrument) and (ii) the amounts on deposit from time to time in any and all funds and account established under the Funding Loan Agreement (except the Expense Fund, the Rebate Fund and the Closing Costs Fund). All revenues and assets pledged and assigned thereby shall immediately be subject to the lien of such pledge without any physical delivery thereof or any further act, except in the case of the Borrower Note, which shall be delivered to the Fiscal Agent. The Borrower hereby acknowledges and consents to such assignment to the Fiscal Agent and the Funding Lender, as applicable.

(b) With respect to the Unassigned Rights, subject to the limitations set forth in this Section 2.2, the Governmental Lender may:

(i) *Tax Covenants*. Seek specific performance of, and enforce, the tax covenants of the Funding Loan Agreement, the Regulatory Agreement, the Tax Certificate and the covenants of the Borrower in Section 5.34 of this Borrower Loan Agreement, injunctive relief against acts which may be in violation of any of the tax covenants, and enforce the Borrower's obligation under Section 5.35 of this Borrower Loan Agreement to pay amounts for credit to the Rebate Fund;

(ii) *Regulatory Agreement*. Seek specific performance of the obligations of the Borrower or any other owner of the Project under the Regulatory Agreement and injunctive relief against acts which may be in violation of the Regulatory Agreement or otherwise in accordance with the provisions of the Regulatory Agreement; provided, however, that the Governmental Lender may enforce any right it may have under the Regulatory Agreement for monetary damages (which term shall not be deemed to include fees, expenses and indemnification obligations payable by the Borrower to the Governmental Lender under the Regulatory Agreement or this Borrower Loan Agreement) only against Excess Revenues (defined below), if any, of the Borrower, unless the Funding Lender otherwise specifically consents in writing to the use of other funds; and

(iii) *Unassigned Rights*. Take whatever action at law or in equity which appears necessary or desirable to enforce the other Unassigned Rights, provided, however, that the Governmental Lender or any person under its control may only enforce any right it may have for monetary damages (which term shall not be deemed to include fees, expenses and indemnification obligations payable by the Borrower to the Governmental Lender under the Regulatory Agreement or this

Borrower Loan Agreement) against Excess Revenues, if any, of the Borrower, unless the Funding Lender otherwise specifically consents in writing to the enforcement against other funds of the Borrower.

(c) In no event shall the Governmental Lender, except at the express Written Direction of the Funding Lender:

(i) prosecute its action to a lien on the Project; or

(ii) take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due under, the Borrower Loan or of causing the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future; or

(iii) interfere with the exercise by the Fiscal Agent, the Funding Lender or the Servicer of any of their rights under the Borrower Loan Documents upon the occurrence of an event of default by the Borrower under the Funding Loan Documents; or

(iv) Except as permitted under the Funding Loan Agreement, take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Borrower Loan or the Funding Loan.

(d) The Governmental Lender shall provide Written Notice to the Funding Lender and the Servicer immediately upon taking any action at law or in equity to exercise any remedy or direct any proceeding under the Borrower Loan Documents or the Funding Loan Documents.

(e) As used in this Section 2.2, the term "Excess Revenues" means, for any period, the net cash flow of the Borrower available for distribution or payment to shareholders, members or partners (as the case may be) for such period, after the payment of all interest expense, the amortization of all principal of all indebtedness coming due during such period (whether by maturity, mandatory sinking fund payment, acceleration or otherwise) the payment of all fees, costs and expenses on an occasional or recurring basis in connection with the Borrower Loan or the Funding Loan, the payment of all operating, overhead, ownership and other expenditures of the Borrower directly or indirectly in connection with the Project (whether any such expenditures are current, capital or extraordinary expenditures), and the setting aside of all reserves for taxes, insurance, water and sewer charges or other similar impositions, capital expenditures, repairs and replacements and all other amounts which the Borrower is required to set aside pursuant to agreement, but excluding depreciation and amortization of intangibles.

Section 2.3. Loan; the Borrower Note; Conditions to Closing.

(a) The Funding Loan shall be funded by deposits to the Project Fund under the Funding Loan Agreement by the Funding Lender upon satisfaction of the conditions set forth in the Construction Disbursement Agreement, in one or more installments not to exceed the Borrower Loan Amount in accordance with the disbursement procedures set forth in the Construction Disbursement Agreement and the Funding Loan Agreement. Upon funding of each installment of the Funding Loan, the Governmental Lender shall be deemed to have made an installment of the Borrower Loan to the Borrower in a like principal amount. The Borrower Loan shall mature and be payable at the times and in the amounts required under the terms hereof and of the Borrower Note. The proceeds of the Borrower Loan shall be used by the Borrower to pay costs of the acquisition, construction, development, equipping and/or operation of the Project. The Borrower hereby accepts the Borrower Loan and acknowledges that the Governmental Lender has contracted with the Funding Lender to fund the Borrower Loan in the manner set forth herein and in the Funding Loan Agreement and the Construction Disbursement Agreement. The Governmental Lender acknowledges that the Borrower Loan shall be funded by the Funding Lender to the Fiscal Agent for the account of the Governmental Lender.

(b) The Borrower hereby accepts the Borrower Loan. As evidence of its obligation to repay the Borrower Loan, simultaneously with its execution and delivery of this Borrower Loan Agreement to the Governmental Lender, the Borrower hereby agrees to execute and deliver the Borrower Note. The Borrower Loan shall mature and be payable at the times and in the amounts required under the terms hereof and of the Borrower Note. The Governmental Lender shall assign the Borrower Note to the Fiscal Agent on the Closing Date as a condition to closing of the Borrower Loan and the Funding Loan.

(c) Closing of the Borrower Loan on the Closing Date shall be conditioned upon satisfaction or waiver by the Governmental Lender and the Funding Lender in their sole discretion of each of the conditions precedent to closing set forth in the Funding Loan Agreement, this Borrower Loan Agreement and the Construction Disbursement Agreement, including but not limited to the following:

(i) evidence of provisions for proper recordation of the [Security Instrument, an assignment of the Security Instrument from the Governmental Lender to the Fiscal Agent,] the Regulatory Agreement, and each of the other documents specified for recording in instructions delivered to the Title Company by counsel to the Funding Lender (or that such documents have been delivered to an authorized agent of the Title Company for recordation under binding recording instructions from Funding Lender's counsel or such other counsel as may be acceptable to the Funding Lender);

(ii) delivery to the Fiscal Agent or into escrow with the Title Company (or separate escrow company, if applicable) of all amounts required to be paid in connection with the origination of the Borrower Loan and the Funding Loan and any underlying real estate transfers or transactions, including the Costs of Funding Deposit and any Borrower Required Equity, all as specified in written instructions

delivered to the Title Company by counsel to the Funding Lender (or such other counsel as may be acceptable to the Funding Lender) and/or as specified in a closing memorandum of the Funding Lender; and

(iii) payment of all fees payable in connection with the closing of the Borrower Loan including the Governmental Lender's Closing Fee and the initial fees and expenses of the Fiscal Agent and the Funding Lender.

In addition, closing of the Borrower Loan shall be subject to the delivery of an opinion of counsel to the Borrower, the General Partner and the Guarantor addressed to the Governmental Lender, the Fiscal Agent and the Funding Lender, dated the Closing Date, in form and substance acceptable to Tax Counsel and counsel to the Funding Lender, regarding, among other things, the due execution by the Borrower, the General Partner and the Guarantor of, and the enforceability against the Borrower and the Guarantor of, the Funding Loan Documents to which the Borrower and/or the Guarantor is a party.

Section 2.4. Borrower Loan Payments.

(a) The Borrower shall make Borrower Loan Payments in accordance with the Borrower Note. Each Borrower Loan Payment made by the Borrower shall be made in funds immediately available to the Fiscal Agent by 2:00 p.m., New York City time, on the Borrower Loan Payment Date. Each such payment shall be made to the Fiscal Agent by deposit to such account as the Fiscal Agent may designate by Written Notice to the Borrower. Payments made to the Fiscal Agent shall be deposited into the Funding Loan Payment Fund established under the Funding Loan Agreement. Whenever any Borrower Loan Payment shall be stated to be due on a day that is not a Business Day, such payment shall be due on the first Business Day immediately thereafter. In addition, the Borrower shall make Borrower Loan Payments in accordance with the Borrower Note in the amounts and at the times necessary to make all payments due and payable on the Funding Loan. All payments made by the Borrower hereunder or by the Borrower under the other Borrower Loan Documents, shall be made irrespective of, and without any deduction for, any set-offs or counterclaims, but such payment shall not constitute a waiver of any such set-offs or counterclaims.

(b) Unless there is no Servicer, payments of principal and interest on the Borrower Note shall be paid to the Servicer and the Servicer shall then remit such funds to the Fiscal Agent. If there is no Servicer, payments of principal and interest on the Borrower Note shall be paid directly to the Fiscal Agent.

Section 2.5. Additional Borrower Payments.

(a) The Borrower shall pay on demand the following amounts:

(i) to the Fiscal Agent, the Rebate Amount then due, if any, to be deposited in the Rebate Fund as specified in Section 5.35 hereof and the Rebate Analyst's Fee and any other costs incurred to calculate such Rebate Amount (to the extent such costs are not included in the Borrower Loan Payment);

(ii) to the Fiscal Agent for payment to the Governmental Lender, the Ongoing Governmental Lender Fee and all fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Governmental Lender incurred by the Governmental Lender in connection with the Borrower Loan Documents, the Funding Loan Documents, or the Project, including, without limitation, reasonable counsel fees and expenses incurred in connection with the interpretation, performance, or amendment and all counsel fees and expenses relating to the enforcement of the Borrower Loan Documents or the Funding Loan Documents or any other documents relating to the Project or the Borrower Loan or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit, as and when the same become due;

(iii) [reserved];

(iv) all Costs of Funding and fees, charges and expenses, including agent and counsel fees incurred in connection with the origination of the Borrower Loan and the Funding Loan, as and when the same become due;

(v) to the Funding Lender, all charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Funding Lender incurred by the Funding Lender at any time in connection with the Borrower Loan, the Funding Loan or the Project, including, without limitation, reasonable counsel fees and expenses incurred in connection with the interpretation, performance, or amendment and all counsel fees and expenses relating to the enforcement of the Funding Loan Documents or any other documents relating to the Project or the Borrower Loan or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit. The Borrower acknowledges that the Funding Lender may receive a benefit, including a discount, credit or other accommodation, from outside counsel based on the fees such counsel receive on account of their relationship with the Funding Lender, including fees paid pursuant hereto;

(vi) any Late Charge due and payable under the terms of the Borrower Note and Section 2.6 hereof; provided, however, that all payments made pursuant to this subsection (vi) shall be made to the Servicer, and if there is no Servicer, such payments shall be made to the Fiscal Agent on behalf of the Funding Lender;

(vii) to the entity entitled thereto, when due and payable, all taxes and assessments levied by public agencies on the Project; and

(viii) to the Fiscal Agent, all fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of Fiscal Agent incurred by the Fiscal Agent under the Borrower Loan Documents or the Funding Loan Documents as and when the same become due.

(b) The Borrower shall pay to the party entitled thereto as expressly set forth in this Borrower Loan Agreement, any other Borrower Loan Document or the Funding Loan Documents:

(i) all expenses incurred in connection with the enforcement of any rights under this Borrower Loan Agreement or any other Borrower Loan Document, the Regulatory Agreement, or any Funding Loan Document by the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer;

(ii) all other payments of whatever nature that the Borrower has agreed to pay or assume under the provisions of this Borrower Loan Agreement or any other Borrower Loan Document or Funding Loan Document; and

(iii) all expenses, costs and fees relating to inspections of the Project required by the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer or the Construction Inspector, in accordance with the Funding Loan Documents or to reimburse such parties for such expenses, costs and fees.

(c) The Borrower shall pay to the Governmental Lender the Governmental Lender's Closing Fee and the Ongoing Governmental Lender Fee, at the times and in the amounts specified in Section 7(n) of the Regulatory Agreement.

Section 2.6. Overdue Payments; Payments in Default. If any Borrower Payment Obligation is not paid by or on behalf of the Borrower when due, the Borrower shall pay to the party to whom such payment is required to be made, a Late Charge in the amount and to the extent set forth in the Borrower Note, if any.

Section 2.7. Calculation of Interest Payments and Deposits to Real Estate Related Reserve Funds. The Borrower acknowledges as follows: (a) calculation of all interest payments shall be made by the Funding Lender in accordance with the terms of the Borrower Note; (b) deposits with respect to the Taxes and Other Charges shall be calculated by the Servicer or if there is no Servicer, the Funding Lender in accordance with the Security Instrument and (c) deposits with respect to any replacement reserve funds required by the Funding Lender shall be calculated by the Servicer in accordance with the Replacement Reserve Agreement. In the event and to the extent that the Servicer or the Funding Lender, pursuant to the terms hereof, shall determine at any time that there exists a deficiency in amounts previously owed but not paid with respect to deposits to such replacement reserve fund, such deficiency shall be immediately due and payable hereunder following Written Notice to the Borrower.

Section 2.8. Grant of Security Interest; Application of Funds. To the extent not inconsistent with the Security Instrument and as security for payment of the Borrower Payment Obligations and the performance by the Borrower of all other terms, conditions and provisions of the Borrower Loan Documents, the Borrower hereby pledges and assigns to the Fiscal Agent and the Funding Lender, and grants to the Fiscal Agent and the Funding Lender, a security interest in all the Borrower's right, title and interest in and to all Rents and all payments to or moneys held in the funds and accounts created and held by the Funding Lender, Fiscal Agent or the Servicer for the Project. The Borrower also grants to the Fiscal Agent and the Funding Lender a continuing

security interest in, and agrees to hold for the benefit of the Fiscal Agent and the Funding Lender, all Rents in its possession prior to the payment of Rents or any portion thereof to the Fiscal Agent and the Funding Lender or the Servicer (to the extent that the Borrower is required to pay such Rents to the Fiscal Agent, the Funding Lender or the Servicer). The Borrower shall not, without obtaining the prior Written Consent of the Funding Lender, further pledge, assign or grant any security interest in the Rents, or permit any Lien to attach thereto, or any levy to be made thereon, or any UCC-1 Financing Statements, except those naming the Fiscal Agent or the Funding Lender as the secured party, to be filed with respect thereto. This Borrower Loan Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of an Event of Default hereunder, the Fiscal Agent, the Funding Lender and the Servicer shall apply or cause to be applied any sums held by the Fiscal Agent, the Funding Lender and the Servicer, as the case may be, with respect to the Project in any manner and in any order determined by the Funding Lender, in the Funding Lender's sole and absolute discretion.

Section 2.9. Marshalling; Payments Set Aside. The Governmental Lender, the Fiscal Agent and the Funding Lender shall be under no obligation to marshal any assets in favor of the Borrower or any other Person or against or in payment of any or all of the proceeds. To the extent that the Borrower makes a payment or payments or transfers any assets to the Governmental Lender, the Fiscal Agent or the Funding Lender, or the Governmental Lender, the Fiscal Agent or the Funding Lender enforces its liens, and such payment or payments or transfers, or the proceeds of such enforcement or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party in connection with any insolvency proceeding, or otherwise, then: (i) any and all obligations owed to the Governmental Lender, the Fiscal Agent or the Funding Lender and any and all remedies available to the Governmental Lender, the Fiscal Agent or the Funding Lender under the terms of the Funding Loan Documents or in law or equity against the Borrower, the Guarantor or the General Partner and/or any of their properties shall be automatically revived and reinstated to the extent (and only to the extent) of any recovery permitted under clause (ii) below; and (ii) the Governmental Lender, the Fiscal Agent and the Funding Lender shall be entitled to recover (and shall be entitled to file a proof of claim to obtain such recovery in any applicable bankruptcy, insolvency, receivership or fraudulent conveyance or fraudulent transfer proceeding) either: (x) the amount of payments or the value of the transfer or (y) if the transfer has been undone and the assets returned in whole or in part, the value of the consideration paid to or received by the Borrower for the initial asset transfer, plus in each case any deferred interest from the date of the disgorgement to the date of distribution to the Governmental Lender, the Fiscal Agent or the Funding Lender in any bankruptcy, insolvency, receivership or fraudulent conveyance or fraudulent transfer proceeding, and any costs and expenses due and owing, including, without limitation, any reasonable attorneys' fees incurred by the Governmental Lender, the Fiscal Agent or the Funding Lender in connection with the exercise by the Governmental Lender, the Fiscal Agent or the Funding Lender of its rights under this Section 2.9.

Section 2.10. Borrower Loan Disbursements. The Borrower Loan shall be disbursed by the Funding Lender, on behalf of the Governmental Lender, pursuant to the Construction Disbursement Agreement by depositing Funding Loan proceeds with the Fiscal Agent under the Funding Loan Agreement. Amounts held by the Fiscal Agent shall be disbursed to or for the benefit of the Borrower as provided in the Construction Disbursement Agreement.

ARTICLE III

CONVERSION

Section 3.1. Conversion Date, Extension of Mandatory Prepayment Date and Termination Date. The Borrower shall satisfy each of the Conversion Conditions and cause the Conversion Date to occur on or before the Mandatory Prepayment Date (as may be extended) and the Termination Date, as further provided in the Construction Disbursement Agreement, the Loan Purchase Agreement and the Borrower Note. The failure to satisfy each of the Conversion Conditions on or before the Mandatory Prepayment Date (as may be extended) and Termination Date shall constitute an Event of Default under the Borrower Loan Documents.

Section 3.2. Notice From CCRC; CCRC's Calculation Final. Following satisfaction of all of the Conversion Conditions, CCRC shall deliver Written Notice to the Borrower and the Fiscal Agent (with a copy to the Governmental Lender) of: (i) the Conversion Date and (ii) the amount of the Permanent Period Amount.

Section 3.3. Mandatory Prepayment of the Borrower Loan.

(a) As further provided in the Construction Disbursement Agreement, if and to the extent the Term Loan Amount is less than the maximum principal amount of the Borrower Loan during the Construction Loan Period (as defined in the Borrower Note) (the "Construction Phase Amount"), the Funding Lender may, in its sole discretion, require the Borrower to make a partial prepayment of the Borrower Loan in an amount equal to the difference between the Construction Phase Amount and the Term Loan Amount (a "Pre-Conversion Loan Equalization Payment"), provided, however, that if the Term Loan Amount is less than the Purchase Price (as defined in the Loan Purchase Agreement), then, subject to the terms of the Loan Purchase Agreement and the rights of CCRC thereunder, CCRC may, in its sole discretion, require the Borrower to prepay the Borrower Loan in full.

(b) Any prepayment in full or in part of the Borrower Loan required pursuant to Section 3.3(a) above shall be subject to a Prepayment Premium under certain circumstances as more particularly set forth in the Borrower Note.

(c) The Borrower shall provide no less than 30 days' written notice to the California Debt Limit Allocation Committee and to the Governmental Lender prior to the redemption of the Governmental Lender Note, in whole or in part, on the Conversion Date.

Section 3.4. Release of Remaining Loan Proceeds. If and to the extent that the Permanent Period Amount is greater than the principal amount of the Borrower Loan which has previously been disbursed to the Borrower, the Funding Lender shall deliver Written Notice thereof to the Borrower on or before the Conversion Date. Within 10 Business Days after delivery of such notice, but in no event later than the Mandatory Prepayment Date, the Funding Lender shall disburse the Borrower Loan proceeds to the Fiscal Agent for disbursement to the Borrower so that the aggregate principal amount of the Borrower Loan disbursed equals the Permanent Period Amount. Amounts so disbursed shall be applied to pay or reimburse previously incurred Qualified Project Costs in accordance with the Funding Loan Agreement and this Borrower Loan

Agreement. Any Borrower Loan proceeds previously disbursed to the Borrower in excess of the Permanent Period Amount shall be paid by the Borrower to the Fiscal Agent and applied as a partial prepayment of the Borrower Loan.

Section 3.5. No Amendment. Nothing contained in this Article III shall be construed to amend, modify, alter, change or supersede the terms and provisions of the Borrower Note, the Security Instrument, the Construction Disbursement Agreement, the Loan Purchase Agreement or any other Borrower Loan Document and, if there shall exist a conflict between the terms and provisions of this Article III and those of the Borrower Note, the Security Instrument, the Construction Disbursement Agreement, the Loan Purchase Agreement or other Borrower Loan Documents, then the terms and provisions of the Borrower Note, the Security Instrument, the Construction Disbursement Agreement, the Loan Purchase Agreement and other Borrower Loan Documents shall control, provided, however, that in the event of a conflict between the terms and provisions of this Article III and those of the Borrower's loan application with the Funding Lender, the terms and provisions of this Article III shall control.

Section 3.6. Determinations by Funding Lender. In any instance where the Written Consent or Written Approval of the Funding Lender may be given or is required, or where any determination, judgment or decision is to be rendered by the Funding Lender under this Article III, including in connection with the Construction Disbursement Agreement, the granting, withholding or denial of such Written Consent or Written Approval and the rendering of such determination, judgment or decision shall be made or exercised by the Funding Lender (or its designated representative), at its sole and exclusive option and in its sole and absolute discretion.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1. Borrower Representations. To induce the Governmental Lender and the Fiscal Agent to execute this Borrower Loan Agreement and to induce the Funding Lender to approve Disbursements, the Borrower represents and warrants for the benefit of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer, that the representations and warranties set forth in this Section 4.1 are complete and accurate as of the Closing Date and, subject to Section 4.2, shall survive the making of the Borrower Loan and will be complete and accurate, and deemed remade, except as otherwise noted through notice to the Funding Lender and approved by the Funding Lender, as of the date of each Disbursement, as of the original Mandatory Prepayment Date, as of the date of any extension thereof, as of the Conversion Date and as of the Maturity Date in accordance with the terms and conditions of the Borrower Note. Subject to Section 4.2 hereof, the representations, warranties and agreements set forth in this Section 4.1 shall survive the making of the Borrower Loan, and shall remain in effect and true and correct in all material respects until the Borrower Loan and all other Borrower Payment Obligations have been repaid in full.

Section 4.1.1 ***Organization; Special Purpose***. The Borrower is a Delaware limited partnership in good standing under the laws of the State, has full legal right, power

and authority to enter into the Borrower Loan Documents to which it is a party, and to carry out and consummate all transactions contemplated by the Borrower Loan Documents to which it is a party, and by proper limited partnership action has duly authorized the execution, delivery and performance of the Borrower Loan Documents to which it is a party. The Authorized Borrower Representative executing the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party are fully authorized to execute the same. The Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower. The sole business of the Borrower is the ownership, management and operation of the Project.

Section 4.1.2 ***Proceedings; Enforceability***. Assuming due execution and delivery by the other parties thereto, the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

Section 4.1.3 ***No Conflicts***. The execution and delivery of the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the Partnership Agreement of the Borrower, nor to the best knowledge of the Borrower and with respect to the Borrower, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever (other than any lien created by the Borrower Loan Documents, including but not limited to the lien of the Security Instrument or lien securing the Subordinate Debt) upon any of the property or assets of the Borrower, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents, or the financial condition, assets, properties or operations of the Borrower.

Section 4.1.4 ***Litigation; Adverse Facts***. There is no Legal Action, nor is there a basis known to the Borrower for any Legal Action, before or by any court or federal, state, municipal or other Governmental Authority, pending, or to the knowledge of the Borrower, after reasonable investigation, threatened, against or affecting the Borrower, the General Partner or the Guarantor, or their respective assets, properties or operations which, if determined adversely to the Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Borrower Loan Documents or the Funding Loan Documents, upon the ability of each of

the Borrower, the General Partner and the Guarantor to perform their respective obligations under the Borrower Loan Documents, the Funding Loan Documents and the Related Documents to which it is a party, or upon the financial condition, assets (including the Project), properties or operations of the Borrower, the General Partner or the Guarantor. None of the Borrower, the General Partner or the Guarantor is in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents, the ability of each of the Borrower, the General Partner and the Guarantor to perform their respective obligations under the Borrower Loan Documents, the Funding Loan Documents and the Related Documents to which it is a party, or the financial condition, assets, properties or operations of the Borrower, the General Partner or the Guarantor. None of the Borrower, the General Partner or the Guarantor are (a) in violation of any applicable law, which violation materially and adversely affects or may materially and adversely affect the business, operations, assets (including the Project), condition (financial or otherwise) of the Borrower, the General Partner or the Guarantor, as applicable; (b) subject to, or in default with respect to, any other Legal Requirement that would have a material adverse effect on the business, operations, assets (including the Project), condition (financial or otherwise) of the Borrower, the General Partner or the Guarantor, as applicable; or (c) in default with respect to any agreement to which the Borrower, the General Partner or the Guarantor, as applicable, are a party or by which they are bound, which default would have a material adverse effect on the business, operations, assets (including the Project), condition (financial or otherwise) of the Borrower, the General Partner or the Guarantor, as applicable; and (d) there is no Legal Action pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, the General Partner or the Guarantor questioning the validity or the enforceability of this Borrower Loan Agreement or any of the other Borrower Loan Documents or the Funding Loan Documents or of any of the Related Documents. All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. The Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities.

Section 4.1.5 ***Agreements; Consents; Approvals***. Except as contemplated by the Borrower Loan Documents and the Funding Loan Documents, the Borrower is not a party to any agreement or instrument or subject to any restriction that would materially adversely affect the Borrower, the Project, or the Borrower's business, properties, operations or financial condition, except the Permitted Title Exceptions. The Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Title Exceptions or any other agreement or instrument to which it is a party or by which it or the Project is bound.

No consent or approval of any trustee or holder of any indebtedness of the Borrower, and to the best knowledge of the Borrower and only with respect to the Borrower, no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority (except no representation is made with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of the Borrower Loan Documents or the Funding Loan Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

Section 4.1.6 ***Title.*** The Borrower shall have marketable title to the Project, free and clear of all Liens except the Permitted Title Exceptions. The Security Instrument, [when properly recorded in the appropriate records, together with any UCC financing statements required to be filed in connection therewith, will] create (i) a valid, perfected first priority lien on the fee (or leasehold, if applicable) interest in the Project and (ii) perfected security interests in and to, and perfected collateral assignments of, all of the Borrower's right, title and interest in the personalty included in the Project (including the Leases) to the extent such personalty is the type in which a security interest may be perfected under the UCC by the filing of a financing statement with the Secretary of State of the State, all in accordance with the terms thereof, in each case subject only to any applicable Permitted Title Exceptions. To the Borrower's knowledge, there are no delinquent real property taxes or assessments, including water and sewer charges, with respect to the Project, nor will there be any claims for payment for work, labor or materials affecting the Project which may become a Lien prior to, or of equal priority with, the Liens created by the Borrower Loan Documents and the Funding Loan Documents.

Section 4.1.7 ***Survey***. To the best knowledge of the Borrower, the survey for the Project delivered to the Governmental Lender and the Funding Lender does not fail to reflect any material matter affecting the Project or the title thereto.

Section 4.1.8 ***No Bankruptcy Filing***. The Borrower is not contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property (a "Bankruptcy Proceeding"), and the Borrower has no knowledge of any Person contemplating the filing of any such petition against it. As of the Closing Date, the Borrower has the ability to pay its debts as they become due.

Section 4.1.9 ***Full and Accurate Disclosure***. No statement of fact made by the Borrower in any Borrower Loan Document or any Funding Loan Document contains or will contain any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein in light of the circumstances under which they were made, not misleading. There is no material fact or circumstance presently known to the Borrower that has not been disclosed to the Governmental Lender and the Funding Lender which materially and adversely affects the Project or the business, operations or financial condition of the Borrower or the Borrower's ability to meet its obligations under this Borrower Loan Agreement, the other Borrower Loan Documents or the Funding Loan Documents to which it is a party in a timely manner.

Section 4.1.10 ***No Plan Assets***. The Borrower is not an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of the Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101.

Section 4.1.11 ***Compliance***. The Borrower, the Project and the use thereof will comply, to the extent required, in all material respects with all applicable Legal Requirements. The Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, the violation of which would materially adversely affect the financial condition or business prospects or the business of the Borrower. There has not been committed by the Borrower or any Borrower Affiliate involved with the operation or use of the Project any act or omission affording any Governmental Authority the right of forfeiture as against the Project or any part thereof or any moneys paid in performance of the Borrower's obligations under any Borrower Loan Document or any Funding Loan Document.

Section 4.1.12 ***Contracts***. All service, maintenance or repair contracts affecting the Project will be or have been entered into at arm's length (except for such contracts between the Borrower and its Affiliates or the Affiliates of the Borrower Controlling Entity of the Borrower) in the ordinary course of the Borrower's business and provide for the payment of fees in amounts and upon terms comparable to existing market rates.

Section 4.1.13 ***Financial Information***. All financial data, including any statements of cash flow and income and operating expense, that have been delivered to the Governmental Lender or the Funding Lender in respect of the Project by or on behalf of the Borrower, to the best knowledge of the Borrower, (i) are accurate and complete in all material respects, (ii) accurately represent the financial condition of the Project as of the date of such reports, and (iii) to the extent prepared by an independent certified public accounting firm, have been prepared in accordance with GAAP consistently applied throughout the periods covered, except as disclosed therein. Other than pursuant to or permitted by the Borrower Loan Documents, the Funding Loan Documents or the Related Documents, the Borrower has no contingent liabilities, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of the Borrower from that set forth in said financial statements.

Section 4.1.14 ***Condemnation***. No Condemnation or other proceeding has been commenced or, to the Borrower's knowledge, is contemplated, threatened or pending with respect to all or part of the Project or for the relocation of roadways providing access to the Project.

Section 4.1.15 ***Federal Reserve Regulations***. No part of the proceeds of the Borrower Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any

other regulation of such Board of Governors, or for any purpose prohibited by Legal Requirements or any Borrower Loan Document or Funding Loan Document.

Section 4.1.16 ***Utilities and Public Access***. To the best of the Borrower's knowledge, the Project is or will be served by water, sewer, sanitary sewer and storm drain facilities adequate to service it for its intended uses. All public utilities necessary or convenient to the full use and enjoyment of the Project are or will be located in the public right-of-way abutting the Project, and all such utilities are or will be connected so as to serve the Project without passing over other property absent a valid easement. All roads necessary for the use of the Project for its current purpose have been or will be completed and dedicated to public use and accepted by all Governmental Authorities. Except for Permitted Title Exceptions, the Project does not share ingress and egress through an easement or private road or share on-site or off-site recreational facilities and amenities that are not located on the Project and under the exclusive control of the Borrower, or where there is shared ingress and egress or amenities, there exists an easement or joint use and maintenance agreement under which (i) access to and use and enjoyment of the easement or private road and/or recreational facilities and amenities is perpetual, (ii) the number of parties sharing such easement and/or recreational facilities and amenities must be specified, (iii) the Borrower's responsibilities and share of expenses are specified, and (iv) the failure to pay any maintenance fee with respect to an easement will not result in a loss of usage of the easement.

Section 4.1.17 ***Not a Foreign Person***. The Borrower is not a "foreign person" within the meaning of Section 1445(f)(3) of the Code.

Section 4.1.18 ***Separate Lots***. Each parcel comprising the Land is a separate tax lot and is not a portion of any other tax lot that is not a part of the Land.

Section 4.1.19 ***Assessments***. Except as disclosed in the Title Insurance Policy, there are no pending or, to the Borrower's best knowledge, proposed special or other assessments for public improvements or otherwise affecting the Project, or any contemplated improvements to the Project that may result in such special or other assessments.

Section 4.1.20 ***Enforceability***. Neither the Borrower Loan Documents nor the Funding Loan Documents are subject to, and the Borrower has not asserted, any right of rescission, set-off, counterclaim or defense, including the defense of usury.

Section 4.1.21 ***Insurance***. The Borrower has obtained the insurance required under (a) prior to the Conversion Date, the Construction Disbursement Agreement and (b) from and after the Conversion Date, the Supplemental Agreement, and has delivered to the Servicer copies of insurance policies or certificates of insurance reflecting the insurance coverages, amounts and other requirements set forth therein.

Section 4.1.22 ***Use of Property*; *Licenses***. The Project will be used exclusively as a multifamily residential rental project and other appurtenant and related uses, which use is consistent with the zoning classification for the Project. All certifications, permits,

licenses and approvals, including certificates of completion and occupancy permits required for the legal use or legal, nonconforming use, as applicable, occupancy and operation of the Project (collectively, the "Licenses") required at this time for the construction and equipping of the Project have been obtained. To the Borrower's knowledge, all Licenses obtained by the Borrower have been validly issued and are in full force and effect. The Borrower has no reason to believe that any of the Licenses required for the future construction, use and occupancy of the Project and not heretofore obtained by the Borrower will not be obtained by the Borrower in the ordinary course following the Completion Date. No Licenses will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure sale under the Security Instrument or deed in lieu of foreclosure thereunder. The Project does not violate any density or building setback requirements of the applicable zoning law except to the extent, if any, shown on the survey. No proceedings are, to the best of the Borrower's knowledge, pending or threatened that would result in a change of the zoning of the Project.

Section 4.1.23 ***Flood Zone***. Either all Improvements will be constructed above the flood grade or the Borrower will obtain appropriate flood insurance as directed by the Servicer.

Section 4.1.24 ***Physical Condition***. The Project, including all Improvements, parking facilities, systems, fixtures, Equipment and landscaping, is or, after completion of the construction and/or repairs, as appropriate, will be in good and habitable condition in all material respects and in good order and repair in all material respects (reasonable wear and tear excepted). The Borrower has not received notice from any insurance company or bonding company of any defect or inadequacy in the Project, or any part thereof, which would adversely affect its insurability or cause the imposition of extraordinary premiums or charges thereon or any termination of any policy of insurance or bond. The physical configuration of the Project is not in material violation of the ADA, if required under applicable law.

Section 4.1.25 ***Encroachments.*** All of the Improvements included in determining the appraised value of the Project will lie wholly within the boundaries and building restriction lines of the Project, and no improvement on an adjoining property encroaches upon the Project, and no easement or other encumbrance upon the Project encroaches upon any of the Improvements, so as to affect the value or marketability of the Project, except those insured against by the Title Insurance Policy or disclosed in the survey of the Project as approved by the Servicer.

Section 4.1.26 ***State Law Requirements***. The Borrower hereby represents, covenants and agrees to comply with the provisions of all applicable State laws, including, but not limited to, the Act, relating to the Borrower Loan, the Funding Loan and the Project.

Section 4.1.27 ***Filing and Recording Taxes.*** All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal Requirements in connection with the transfer of the Project to the Borrower have been paid or will be paid on the Closing Date. All mortgage,

mortgage recording, stamp, intangible or other similar taxes required to be paid by any Person under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Borrower Loan Documents or the Funding Loan Documents have been or will be paid.

Section 4.1.28 ***Investment Company Act***. The Borrower is not (i) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; or (ii) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 4.1.29 ***Fraudulent Transfer***. The Borrower has not accepted the Borrower Loan or entered into any Borrower Loan Document or Funding Loan Document with the actual intent to hinder, delay or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations under the Borrower Loan Documents and the Funding Loan Documents. Giving effect to the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents, the fair saleable value of the Borrower's assets exceeds and will, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents, exceed the Borrower's total liabilities, including subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower's assets is and will, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents, be greater than the Borrower's probable liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. The Borrower's assets do not and, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. The Borrower does not intend to, and does not believe that it will, incur debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

Section 4.1.30 ***Ownership of the Borrower***. Except as set forth in the Partnership Agreement of the Borrower, the Borrower has no obligation to any Person to purchase, repurchase or issue any ownership interest in the Borrower.

Section 4.1.31 ***Environmental Matters***. To the best of the Borrower's knowledge, the Project is not in violation of any Legal Requirement pertaining to or imposing liability or standards of conduct concerning environmental regulation, contamination or clean-up, and will comply with covenants and requirements relating to environmental hazards as set forth in the Security Instrument. The Borrower will execute and deliver the Agreement of Environmental Indemnification.

Section 4.1.32 ***Name*; *Principal Place of Business***. Unless prior Written Notice is given to the Funding Lender, the Borrower does not use and will not use any trade name, and has not done and will not do business under any name other than its actual name set

forth herein. The principal place of business of the Borrower is its primary address for notices as set forth in Section 9.1 hereof, and the Borrower has no other place of business, other than the Project and such principal place of business.

Section 4.1.33 ***Subordinated Debt***. There is no secured or unsecured indebtedness with respect to the Project or any residual interest therein, other than Permitted Title Exceptions and the permitted secured or unsecured indebtedness described in Section 6.7 hereof.

Section 4.1.34 ***Filing of Taxes***. The Borrower has filed (or has obtained effective extensions for filing) all federal, state and local tax returns required to be filed and has paid or made adequate provision for the payment of all federal, state and local taxes, charges and assessments, if any, payable by the Borrower.

Section 4.1.35 ***General Tax***. All representations, warranties and certifications of the Borrower set forth in the Regulatory Agreement and the Tax Certificate are incorporated by reference herein and the Borrower will comply with such as if set forth herein. In the event of any conflict between the terms of this Borrower Loan Agreement and the requirements of the Tax Certificate, the Tax Certificate shall control.

Section 4.1.36 ***Approval of*** **Borrower** ***Loan Documents and Funding Loan Documents***. By its execution and delivery of this Borrower Loan Agreement, the Borrower approves the form and substance of the Borrower Loan Documents and the Funding Loan Documents, and agrees to carry out the responsibilities and duties specified in the Borrower Loan Documents and the Funding Loan Documents to be carried out by the Borrower. The Borrower acknowledges that (a) it understands the nature and structure of the transactions relating to the financing of the Project, (b) it is familiar with the provisions of all of the Borrower Loan Documents, the Funding Loan Documents, the Related Documents, the Security Documents and other documents and instruments relating to the financing, (c) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (d) it has not relied on the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents or otherwise relied on the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer in any manner.

Section 4.1.37 ***Funding Loan Agreement***. The Borrower has read and accepts and agrees that it is bound by the Funding Loan Agreement and the other Funding Loan Documents.

Section 4.1.38 ***Americans with Disabilities Act***. The Project, as designed, will comply in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of Governmental Authorities having jurisdiction over the Project, including, but not limited to, the Americans with Disabilities Act of 1990, as amended ("ADA"), to the extent required (as evidenced by an architect's certificate to such effect).

Section 4.1.39 ***Requirements of the Act, the Law, the Code and the Regulations***. The Project satisfies all requirements of the Act, the Law, the Code and the Regulations applicable to the Project.

Section 4.1.40 ***Regulatory Agreement***. The Project is, as of the date of origination of the Funding Loan, in compliance with all requirements of the Regulatory Agreement to the extent such requirements are applicable; and the Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act, the Law and the Code and the Regulations, and pursuant to leases which comply with all applicable laws.

Section 4.1.41 ***Intention to Hold Project***. The Borrower intends to hold the Project for its own account and has no current plans, and has not entered into any agreement, to sell the Project or any part of it (other than as set forth in the Partnership Agreement or any purchase option described therein); and the Borrower intends to occupy the Project or cause the Project to be occupied and to operate it or cause it to be operated at all times during the term of this Borrower Loan Agreement in compliance with the terms of this Borrower Loan Agreement and the Regulatory Agreement and does not know of any reason why the Project will not be so used by it in the absence of circumstances not now anticipated by it or totally beyond its control.

Section 4.1.42 ***Concerning General Partners***.

(a) The Managing General Partner is a limited liability company duly organized and validly existing under the laws of the State. The Administrative General Partner is a limited liability company duly organized and validly existing under the laws of the state of Delaware. Each General Partner has all requisite power and authority, rights and franchises to enter into and perform its obligations under the Borrower Loan Documents and the Funding Loan Documents to be executed by the General Partner for its own account and on behalf of the Borrower, as a general partner of the Borrower, under this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents.

(b) Each General Partner has made all filings (including, without limitation, all required filings related to the use of fictitious business names) and is validly existing and in good standing in the State and in each other jurisdiction in which the character of the property it owns or the nature of the business it transacts makes such filings necessary or where the failure to make such filings could have a material adverse effect on the business, operations, assets, condition (financial or otherwise) or prospects of such General Partner.

(c) Each General Partner is duly authorized to do business in the State.

(d) The execution, delivery and performance by the Borrower of the Borrower Loan Documents and the Funding Loan Documents have been duly authorized by all necessary action of each General Partner on behalf of the Borrower, and by all necessary action on behalf of each General Partner.

(e) The execution, delivery and performance by the General Partners, on behalf of the Borrower, of the Borrower Loan Documents and the Funding Loan Documents will not violate (i) the respective General Partner's organizational documents; (ii) any other Legal Requirement affecting the respective General Partner or any of its properties; or (iii) any agreement to which the respective General Partner is bound or to which it is a party; and will not result in or require the creation (except as provided in or contemplated by this Borrower Loan Agreement) of any Lien upon any of such properties, any of the Collateral or any of the property or funds pledged or delivered to the Funding Lender pursuant to the Security Documents.

Section 4.1.43 ***Government and Private Approvals***. All governmental or regulatory orders, consents, permits, authorizations and approvals required for the construction, use, occupancy and operation of the Improvements, that may be granted or denied in the discretion of any Governmental Authority, have been obtained and are in full force and effect (or, in the case of any of the foregoing that the Borrower is not required to have as of the Closing Date, will be obtained), and will be maintained in full force and effect at all times during the construction of the Improvements. All such orders, consents, permits, authorizations and approvals that may not be denied in the discretion of any Governmental Authority shall be obtained prior to the commencement of any work for which such orders, consents, permits, authorizations or approvals are required, and, once obtained, such orders, consents, permits, authorizations and approvals will be maintained in full force and effect at all times during the construction of the Improvements. Except as set forth in the preceding two sentences, no additional governmental or regulatory actions, filings or registrations with respect to the Improvements, and no approvals, authorizations or consents of any trustee or holder of any indebtedness or obligation of the Borrower, are required for the due execution, delivery and performance by the Borrower or the General Partner of any of the Borrower Loan Documents or the Funding Loan Documents or the Related Documents executed by the Borrower or the General Partner, as applicable. All required zoning approvals have been obtained, and the zoning of the Land for the Project is not conditional upon the happening of any further event.

Section 4.1.44 ***Concerning Guarantor***. This Borrower Loan Agreement, the other Borrower Loan Documents and Funding Loan Documents to which the Guarantor is a party or a signatory, executed simultaneously with this Borrower Loan Agreement, (i) have been duly executed and delivered by Guarantor; and (ii) are legally valid and binding obligations of Guarantor, enforceable against Guarantor in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

Section 4.1.45 ***No Material Defaults***. Except as previously disclosed to the Funding Lender and the Governmental Lender in writing, there exists no material violation of or material default by the Borrower under, and, to the best knowledge of the Borrower, no event has occurred which, upon the giving of notice or the passage of time, or both, would constitute a material default with respect to: (i) the terms of any instrument evidencing, securing or guaranteeing any indebtedness secured by the Project or any portion or interest thereof or therein; (ii) any lease or other agreement affecting the Project or to which the Borrower is a party; (iii) any license, permit, statute, ordinance, law,

judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority, or any determination or award of any arbitrator to which the Borrower or the Project may be bound; or (iv) any mortgage, instrument, agreement or document by which the Borrower or any of its respective properties is bound; in the case of any of the foregoing: (1) which involves any Borrower Loan Document or Funding Loan Document; (2) which involves the Project and is not adequately covered by insurance; (3) that might materially and adversely affect the ability of the Borrower, the General Partner or the Guarantor or to perform any of its respective obligations under any of the Borrower Loan Documents or the Funding Loan Documents or any other material instrument, agreement or document concerning the Project to which it is a party; or (4) which might adversely affect the priority of the Liens created by this Borrower Loan Agreement or any other Borrower Loan Document or the Funding Loan Documents.

Section 4.1.46 ***Payment of Taxes***. Except as previously disclosed to the Funding Lender in writing: (i) all tax returns and reports of the Borrower, the General Partner and the Guarantor required to be filed have been timely filed, and all taxes, assessments, fees and other governmental charges upon the Borrower, the General Partner and the Guarantor, and upon their respective properties, assets, income and franchises, which are due and payable have been paid when due and payable; and (ii) the Borrower knows of no proposed tax assessment against it or against the General Partner or the Guarantor that would be material to the condition (financial or otherwise) of the Borrower, the General Partner or the Guarantor, and neither the Borrower nor the General Partner have contracted with any Governmental Authority in connection with such taxes.

Section 4.1.47 ***Rights to Project Agreements and Licenses***. The Borrower is the legal and beneficial owner of all rights in and to the Plans and Specifications and all existing Project Agreements and Licenses, and will be the legal and beneficial owner of all rights in and to all future Project Agreements and Licenses. The Borrower's interest in the Plans and Specifications and all Project Agreements and Licenses is not subject to any present claim (other than under the Borrower Loan Documents and the Funding Loan Documents, under the documents evidencing and securing the Subordinate Debt, or as otherwise approved by the Funding Lender in its sole discretion), set-off or deduction other than in the ordinary course of business.

Section 4.1.48 ***Patriot Act Compliance***. The Borrower is not now, nor has ever been (i) listed on any Government Lists (as defined below), (ii) a person who has been determined by a Governmental Authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC or in any enabling legislation or other Presidential Executive Orders in respect thereof, (iii) indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any Patriot Act Offense, or (iv) under investigation by any Governmental Authority for alleged criminal activity. For purposes hereof, the term "Patriot Act Offense" shall mean any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states, relating to terrorism or the laundering of monetary instruments, including any offense under (A) the criminal laws against terrorism; (B) the criminal laws

against money laundering, (C) Bank Representative Secrecy Act, as amended, (D) the Money Laundering Control Act of 1986, as amended, or (E) the Patriot Act. "Patriot Act Offense" also includes the crimes of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense. For purposes hereof, the term "Government Lists" shall mean (1) the Specially Designated Nationals and Blocked Persons Lists maintained by the Office of Foreign Assets Control ("OFAC"), (2) any other list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC that Funding Lender notified the Borrower in writing is now included in "Government Lists," or (3) any similar lists maintained by the United States Department of State, the United States Department of Commerce or any other Governmental Authority or pursuant to any Executive Order of the President of the United States of America that the Funding Lender notified the Borrower in writing is now included in "Government Lists." Neither the Borrower nor any of its subsidiaries is located, organized or resident in a country or territory that is the subject of Sanctions.

Section 4.1.49 ***[Reserved]***.

Section 4.1.50 ***Other Documents***. Each of the representations and warranties of the Borrower or the General Partner contained in any of the other Borrower Loan Documents, the Funding Loan Documents or the Related Documents is true and correct in all material respects (or, in the case of representations or warranties contained in any of the other Borrower Loan Documents, the Funding Loan Documents or the Related Documents that speak as of a particular date, were true and correct in all material respects as of such date). All of such representations and warranties are incorporated herein for the benefit of the Governmental Lender and the Funding Lender.

Section 4.1.51 ***Subordinate Loan Documents.*** The Subordinate Loan Documents are in full force and effect and the Borrower has paid all commitment fees and other amounts due and payable to the Subordinate Lender thereunder. There exists no material violation of or material default by the Borrower under, and no event has occurred which, upon the giving of notice or the passage of time, or both, would constitute a material default under the Subordinate Loan Documents.

Section 4.2. Survival of Representations and Covenants. All of the representations and warranties in Section 4.1 hereof and elsewhere in the Borrower Loan Documents (i) shall survive for so long as any portion of the Borrower Payment Obligations remains due and owing and (ii) shall be deemed to have been relied upon by the Governmental Lender, the Funding Lender and the Servicer notwithstanding any investigation heretofore or hereafter made by the Governmental Lender, the Funding Lender or the Servicer or on its or their behalf, provided, however, that the representations, warranties and covenants set forth in Section 4.1.31 hereof shall survive in perpetuity and shall not be subject to the exculpation provisions of Section 10.1 hereof.

ARTICLE V

AFFIRMATIVE COVENANTS

During the term of this Borrower Loan Agreement, the Borrower hereby covenants and agrees with the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer that:

Section 5.1. Existence. The Borrower shall (i) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence and its material rights, and franchises, (ii) continue to engage in the business presently conducted by it, (iii) obtain and maintain all material Licenses, and (iv) qualify to do business and remain validly existing and in good standing under the laws of the State.

Section 5.2. Taxes and Other Charges. The Borrower shall pay all Taxes and Other Charges as the same become due and payable and prior to their becoming delinquent in accordance with the Security Instrument, except to the extent that the amount, validity or application thereof is being contested in good faith as permitted by the Security Instrument.

The Borrower covenants to pay all Taxes and Other Charges of any type or character charged to the Governmental Lender or the Funding Lender affecting the amount available to the Governmental Lender or the Funding Lender from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including Taxes and Other Charges assessed or levied by any public agency or Governmental Authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Governmental Lender or the Funding Lender and taxes based upon or measured by the net income of the Governmental Lender or the Funding Lender; as the case may be, provided, however, that the Borrower shall have the right to protest any such Taxes or Other Charges and to require the Governmental Lender or the Funding Lender, as the case may be, at the Borrower's expense, to protest and contest any such Taxes or Other Charges levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or Other Charges pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Governmental Lender or the Funding Lender. This obligation shall remain valid and in effect notwithstanding repayment of the Borrower Loan hereunder or termination of this Borrower Loan Agreement.

Section 5.3. Repairs; Maintenance and Compliance; Physical Condition. The Borrower shall cause the Project to be maintained in a good, habitable and safe (so as to not threaten the health or safety of the Project's tenants or their invited guests) condition and repair (reasonable wear and tear excepted) as set forth in the Security Instrument and shall not remove, demolish or materially alter the Improvements or Equipment (except for removal of aging or obsolete equipment or furnishings in the normal course of business), except as provided in the Security Instrument.

Section 5.4. Litigation. The Borrower shall give prompt Written Notice to the Governmental Lender, the Funding Lender and the Servicer of any litigation, governmental proceedings or claims or investigations regarding an alleged actual violation of a Legal Requirement pending or, to the Borrower's knowledge, threatened against the Borrower, which

might materially adversely affect the Borrower's condition (financial or otherwise) or business, or the Project.

Section 5.5. Performance of Other Agreements. The Borrower shall observe and perform in all material respects each and every term to be observed or performed by it pursuant to the terms of any agreement or instrument affecting or pertaining to the Project, including, without limitation, the Borrower Loan Documents.

Section 5.6. Notices. The Borrower shall promptly advise the Governmental Lender, the Funding Lender and the Servicer of (i) any Material Adverse Change in the Borrower's financial condition, assets, properties or operations other than general changes in the real estate market, (ii) any fact or circumstance affecting the Borrower or the Project that materially and adversely affects the Borrower's ability to meet its obligations hereunder or under any other Funding Loan Document to which it is a party in a timely manner, or (iii) the occurrence of any Potential Default or Event of Default of which the Borrower has knowledge. If the Borrower becomes subject to federal or state securities law filing requirements, the Borrower shall cause to be delivered to the Governmental Lender, the Funding Lender and the Servicer any Securities and Exchange Commission or other public filings, if any, of the Borrower within two Business Days of such filing.

Section 5.7. Cooperate in Legal Proceedings. The Borrower shall cooperate fully with the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer with respect to, and permit the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer at their option, to participate in, any proceedings before any Governmental Authority that may in any way affect the rights of the Governmental Lender, the Funding Lender, the Fiscal Agent and/or the Servicer under any Borrower Loan Document or Funding Loan Document.

Section 5.8. Further Assurances. The Borrower shall, at the Borrower's sole cost and expense (except as provided in Section 8.1 hereof), (i) furnish to the Servicer, the Fiscal Agent and the Funding Lender all instruments, documents, boundary surveys, footing or foundation surveys (to the extent that the Borrower's construction or renovation of the Project alters any existing building foundations or footprints), certificates, plans and specifications, appraisals, title and other insurance reports and agreements relating to the Project, reasonably requested by the Servicer, the Fiscal Agent or the Funding Lender for the better and more efficient carrying out of the intents and purposes of the Borrower Loan Documents and the Funding Loan Documents; (ii) execute and deliver to the Servicer and the Funding Lender such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to evidence, preserve and/or protect the Collateral at any time securing or intended to secure the Borrower Loan, as the Servicer, the Fiscal Agent and the Funding Lender may reasonably require from time to time; (iii) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of the Borrower Loan Documents and the Funding Loan Documents, as the Servicer, the Fiscal Agent or the Funding Lender shall reasonably require from time to time; provided, however, with respect to clauses (i)-(iii) above, the Borrower shall not be required to do anything that has the effect of (A) changing the essential economic terms of the Borrower Loan or (B) imposing upon the Borrower greater personal liability under the Borrower Loan Documents or the Funding Loan Documents; and (iv) upon the Servicer's, the Fiscal Agent's or the Funding Lender's request

therefor given from time to time after the occurrence of any Potential Default or Event of Default for so long as such Potential Default or Event of Default, as applicable, is continuing pay for (a) reports of UCC, federal tax lien, state tax lien, judgment and pending litigation searches with respect to the Borrower and (b) searches of title to the Project, each such search to be conducted by search firms reasonably designated by the Servicer, the Fiscal Agent or the Funding Lender in each of the locations reasonably designated by the Servicer, the Fiscal Agent or the Funding Lender.

Section 5.9. Delivery of Financial Information. After notice to the Borrower of the issuance of a Secondary Market Disclosure Document, the Borrower shall, concurrently with any delivery to the Funding Lender or the Servicer of the Provided Information, deliver copies of all financial information required under Article VII hereof.

Section 5.10. Environmental Matters. So long as the Borrower owns or is in possession of the Project, the Borrower shall (a) keep the Project in compliance with all Hazardous Materials Laws (as defined in the Security Instrument), (b) promptly notify the Funding Lender, the Fiscal Agent, the Governmental Lender and the Servicer if the Borrower shall become aware that any Hazardous Materials (as defined in the Security Instrument) are on or near the Project in violation of Hazardous Materials Laws, and (c) commence and thereafter diligently prosecute to completion all remedial work necessary with respect to the Project required under any Hazardous Material Laws, in each case as set forth in the Security Instrument or the Agreement of Environmental Indemnification.

Section 5.11. Governmental Lender's, Fiscal Agent's and Funding Lender's Fees. The Borrower covenants to pay the reasonable fees and expenses of the Governmental Lender (including the Ongoing Governmental Lender Fee), the Fiscal Agent (including the Fiscal Agent Fees) and the Funding Lender or any agents, attorneys, accountants, consultants selected by the Governmental Lender, the Fiscal Agent or the Funding Lender to act on its behalf in connection with this Borrower Loan Agreement, the other Borrower Loan Documents, the Regulatory Agreement and the Funding Loan Documents, including, without limitation, any and all reasonable expenses incurred in connection with the making of the Borrower Loan or in connection with any examinations, audits or litigation which may at any time be instituted involving the Borrower Loan, this Borrower Loan Agreement, the other Borrower Loan Documents, the Regulatory Agreement or the Funding Loan Documents or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing. This obligation shall remain valid and in effect notwithstanding repayment of the Borrower Loan hereunder or termination of this Borrower Loan Agreement.

Section 5.12. Estoppel Statement. The Borrower shall furnish to the Funding Lender, the Fiscal Agent or the Servicer for the benefit of the Funding Lender or the Servicer within 10 days after request by the Funding Lender and the Servicer, with a statement, duly acknowledged and certified, setting forth (i) the unpaid principal of the Borrower Note, (ii) the applicable Interest Rate, (iii) the date installments of interest and/or principal were last paid, (iv) any offsets or defenses to the payment of the Borrower Payment Obligations, and (v) that the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party are valid, legal and binding obligations of the Borrower and have not been modified or, if modified, giving particulars

of such modification, and no Event of Default exists thereunder or specify any Event of Default that does exist thereunder. The Borrower shall use commercially reasonable efforts to furnish to the Funding Lender or the Servicer, within 30 days of a request by the Funding Lender or Servicer, tenant estoppel certificates from each commercial tenant at the Project in form and substance reasonably satisfactory to the Funding Lender and the Servicer, provided that the Funding Lender and the Servicer shall not make such requests more frequently than twice in any year.

Section 5.13. Defense of Actions. The Borrower shall appear in and defend any action or proceeding purporting to affect the security for this Borrower Loan Agreement hereunder or under the other Borrower Loan Documents or the Funding Loan Documents, and shall pay, in the manner required by Section 2.4 hereof, all costs and expenses, including the cost of evidence of title and attorneys' fees, in any such action or proceeding in which the Governmental Lender or the Funding Lender may appear. If the Borrower fails to perform any of the covenants or agreements contained in this Borrower Loan Agreement or any other Funding Loan Document, or if any action or proceeding is commenced that is not diligently defended by the Borrower which affects the Funding Lender's interest in the Project or any part thereof, including eminent domain, code enforcement or proceedings of any nature whatsoever under any Federal or state law, whether now existing or hereafter enacted or amended, then the Funding Lender may make such appearances, disburse such sums and take such action as the Funding Lender deems necessary or appropriate to protect its interests. Such actions include disbursement of attorneys' fees, entry upon the Project to make repairs or take other action to protect the security of the Project, and payment, purchase, contest or compromise of any encumbrance, charge or lien which in the judgment of the Funding Lender appears to be prior or superior to the Borrower Loan Documents or the Funding Loan Documents. Neither the Governmental Lender nor the Funding Lender shall have any obligation to do any of the above. The Funding Lender may take any such action without notice to or demand upon the Borrower. No such action shall release the Borrower from any obligation under this Borrower Loan Agreement or any of the other Borrower Loan Documents or Funding Loan Documents. In the event (i) that the Security Instrument is foreclosed in whole or in part or that any Funding Loan Document is put into the hands of an attorney for collection, suit, action or foreclosure, or (ii) of the foreclosure of any mortgage, deed of trust or deed to secure debt prior to or subsequent to the Security Instrument or any Funding Loan Document in which proceeding the Governmental Lender or the Funding Lender is made a party or (iii) of the bankruptcy of the Borrower or an assignment by the Borrower for the benefit of its creditors, the Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including actual attorneys' fees in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, which shall be due and payable together with all required service or use taxes.

Section 5.14. Expenses. The Borrower shall pay all reasonable expenses incurred by the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer (except as provided in Section 8.1 hereof) in connection with the Borrower Loan and the Funding Loan, including reasonable fees and expenses of the Governmental Lender's, the Fiscal Agent's, the Funding Lender's and the Servicer's attorneys, environmental, engineering and other consultants, and fees, charges or taxes for the recording or filing of the Borrower Loan Documents and the Funding Loan Documents. The Borrower shall pay or cause to be paid all reasonable expenses of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer (except as provided in Section 8.1 hereof) in connection with the issuance or administration of the Borrower Loan and

the Funding Loan, including audit or examination costs, inspection fees, settlement of condemnation and casualty awards, and premiums for title insurance and endorsements thereto. The Borrower shall, upon request, promptly reimburse the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer for all reasonable amounts expended, advanced or incurred by the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer to collect the Borrower Note, or to enforce the rights of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer under this Borrower Loan Agreement or any other Funding Loan Document, or to defend or assert the rights and claims of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer under the Borrower Loan Documents or the Funding Loan Documents arising out of an Event of Default or with respect to the Project (by litigation or other proceedings) arising out of an Event of Default, which amounts will include all court costs, attorneys' fees and expenses, fees of auditors and accountants, and investigation expenses as may be reasonably incurred by the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer in connection with any such matters (whether or not litigation is instituted), together with interest at the Default Rate on each such amount from the Date of Disbursement until the date of reimbursement to the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer, all of which shall constitute part of the Borrower Loan and the Funding Loan and shall be secured by the Borrower Loan Documents and the Funding Loan Documents. The obligations and liabilities of the Borrower under this Section 5.14 shall survive the Term of this Borrower Loan Agreement and the exercise by the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer, as the case may be, of any of its rights or remedies under the Borrower Loan Documents or the Funding Loan Documents, including the acquisition of the Project by foreclosure or a conveyance in lieu of foreclosure. Notwithstanding the foregoing, the Borrower shall not be obligated to pay amounts incurred as a result of the active negligence or willful misconduct of the Governmental Lender, or the gross negligence or willful misconduct of any other party, and any obligations of the Borrower to pay for environmental inspections or audits will be governed by the Security Instrument. Notwithstanding the foregoing, neither the Borrower nor the Governmental Lender shall be responsible for any costs associated with securitization of the Borrower Loan or the Funding Loan.

Section 5.15. Indemnification.

Section 5.15.1 ***Indemnification of Governmental Lender and Fiscal Agent***. The Borrower releases the Governmental Lender, the Fiscal Agent and their respective officers, directors, agents, officials, employees, counsel, attorneys and agents, past, present and future (and as to the Governmental Lender, members of its governing body) and any person who controls the Governmental Lender or the Fiscal Agent within the meaning of the Securities Act, from, and covenants and agrees, without limiting the indemnity provided in the Regulatory Agreement, to indemnify, hold harmless and defend the Governmental Lender, the Fiscal Agent and their respective officers, members, supervisors, directors, officials and employees, counsel, attorneys and agents, past present and future of each of them and any person who controls such party within the meaning of the Securities Act and employees and each of them (each an "**Indemnified Party**" and collectively, the "**Indemnified Parties**") 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 Borrower Documents or the Funding Loan Agreement or otherwise in connection with the Project, the Governmental Lender Note, the Borrower Loan or the execution and delivery or amendment of any other document entered into in connection with the transactions provided for in the Funding Loan Agreement or the Borrower Documents (however in no case shall payment of the Borrower Note be a recourse obligation);

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

(c) the issuance and sale of the Governmental Lender 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 Funding Loan Agreement, the Borrower Documents or any other documents relating to the Project or the Governmental Lender Note or in connection with any federal or state tax audit or any questions or other matters arising under such documents (however in no case shall payment of the Borrower Note be a recourse obligation);

(e) the carrying out by the Borrower of any of the transactions provided for in the Funding Loan Agreement or the Borrower Documents;

(f) the Fiscal Agent's acceptance or administration of the trusts created by the Funding Loan Agreement or the exercise of its powers or duties under the Funding Loan Agreement or under this Borrower 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 Funding Loan Agreement or the Funding Loan Documents except for claims arising from the Fiscal Agent's administration where such is a result of actions contrary to the Fiscal Agent's duties and obligations;

(g) any and all claims arising in connection with the issuance and sale of the Governmental Lender 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 the Borrower with respect to the Borrower or the Project in any offering document or materials regarding the initial offering of the Governmental Lender Note (in connection with their issuance under the Funding Loan Agreement), the Project or the Borrower or the Regulatory Agreement executed by the Borrower or any other certificate executed by the 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 by the Borrower relating to the Borrower or the Project contained in any offering material relating to the initial offering of the Governmental Lender Note, as from time to time amended or supplemented with information provided by the Borrower, or arising out of or based upon the omission or alleged omission to state in

such offering material a material fact relating to the 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 Governmental Lender Note or failure to comply with any licensing or other law or regulation which would affect the manner in which or to whom the Governmental Lender Note could be sold and the carrying out by the Borrower of any of the transactions contemplated by the Funding Loan Agreement or the Borrower Documents;

(h) the Borrower's failure to comply with any requirement of this Borrower Loan Agreement or the Regulatory Agreement (however in no case shall payment of the Borrower Note be a recourse obligation);

(i) any act or omission of the Borrower or any of its agents, servants, employees or licensees in connection with the Borrower 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 (however in no case shall payment of the Borrower Note be a recourse obligation);

(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 the Borrower, whether or not related to the Project, or resulting from or in any way connected with the acquisition and construction or management of the Project, the issuance of the Governmental Lender Note or otherwise in connection with transactions contemplated or otherwise in connection with the Project, the Governmental Lender Note or the execution or amendment of any document relating to the Project or the Governmental Lender 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, 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).

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:

(i) in the case of the foregoing indemnification of the Fiscal Agent or any of its related Indemnified Parties to the extent such damages are caused by the gross negligence or willful misconduct of such Person; and

(ii) in the case of the foregoing indemnification of the Governmental Lender or any of its related Indemnified Parties, to the extent such damages are caused by the active negligence or willful misconduct of the Governmental Lender.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under this Borrower Loan Agreement, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense of the action or proceeding, including the employment of counsel selected by the Borrower, subject to the approval of the 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 the Governmental Lender, and the Fiscal Agent, as appropriate, 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 the Borrower shall be obligated to pay the reasonable fees and expenses of such separate counsel if (A) 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 the Borrower or (B) such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, conditioned or delayed.

The 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 the 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 that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

The 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 the Borrower and agrees 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 5.15.1 shall in any way limit the Borrower's indemnification and other payment obligations set forth in the Regulatory Agreement.

Section 5.15.2 ***Indemnification of Funding Lender***. In addition to its other obligations hereunder, and in addition to any and all rights of reimbursement, indemnification, subrogation and other rights of the Funding Lender pursuant hereto and under law or equity, to the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Funding Lender, the Servicer, the Beneficiary Parties, Bank of America, N.A., CCRC and each of their respective board members, officers, directors, employees, attorneys and agents (each an "Indemnified Party"), against any and all actual losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge judgments)

(hereinafter, the "Liabilities") whatsoever to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to:

(a) The Borrower Loan Documents, the Funding Loan Documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the sale, transfer or resale of the Borrower Loan or the Funding Loan, except with respect to any Secondary Market Disclosure Document (other than any of the Borrower's obligations under Article VIII hereof);

(b) Any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Borrower Loan, the Funding Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction or installation of, the Project or any part thereof;

(c) Any lien (other than a Permitted Lien) or charge upon payments by the Borrower to the Governmental Lender, Fiscal Agent or the Funding Lender hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and Other Charges imposed on the Governmental Lender, the Fiscal Agent or the Funding Lender in respect of any portion of the Project;

(d) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof during the period in which the Borrower is in possession or control of the Project;

(e) The enforcement of, or any action taken by the Governmental Lender, the Fiscal Agent or the Funding Lender related to remedies under, this Borrower Loan Agreement, the other Borrower Loan Documents or the Funding Loan Documents;

(f) [Reserved];

(g) Any untrue statement or misleading statement of a material fact by the Borrower made in the course of the Borrower applying for the Borrower Loan or the Funding Loan or contained in any of the Borrower Loan Documents or Funding Loan Documents to which the Borrower is a party;

(h) Any Determination of Taxability;

(i) Any breach by the Borrower of any representation, warranty or covenant, made in or pursuant to, this Borrower Loan Agreement or in connection with any written or oral representation, presentation, report, appraisal or other information given or delivered by the Borrower, the General Partner, the Guarantor or their Affiliates to the Governmental Lender, the Fiscal Agent, the Funding Lender, the Servicer or any other Person in connection with the Borrower's application for the Borrower Loan and the Funding Loan;

(j) Any failure by the Borrower, the Funding Lender, the Servicer or the Governmental Lender to comply with applicable federal and state laws and regulations pertaining to the acquisition of the Borrower Loan and the making of the Funding Loan;

(k) The Project, the operation of the Project, or the condition, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof; or

(l) The Borrower's use of the proceeds of the Borrower Loan and the Funding Loan,

except in the case of the foregoing indemnification of the Funding Lender or the Servicer or any related Indemnified Party, to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party. Notwithstanding anything herein to the contrary, the Borrower's indemnification obligations to the parties specified in Section 8.1.4 hereof with respect to any securitization or Secondary Market Transaction described in Article VIII hereof shall be limited to the indemnity set forth in Section 8.1.4 hereof. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon Written Notice from the Indemnified Party (which notice shall be timely given so as not to materially impair the Borrower's ability to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. The Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if and only if in such Indemnified Party's good faith judgment (based on the advice of counsel) a conflict of interest exists or could arise by reason of common representation.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Borrower Loan Agreement or the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 5.15.2 if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Governmental Lender and the Funding Lender have consented in writing to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

The rights of any persons to indemnity hereunder shall survive the final payment or defeasance of the Borrower Loan and the Funding Loan and termination of the Funding Loan Documents and in the case of the Servicer, any resignation or removal. The provisions of this Section 5.15.2 shall survive termination of this Borrower Loan Agreement.

Nothing contained in this Section 5.15 shall in any way be construed to limit the Borrower's obligations contained in Section 2.4 and 2.5 hereof or the Borrower's indemnification and other payment obligations set forth in the Regulatory Agreement. Amounts payable to the Governmental Lender hereunder shall be due and payable five days after written demand and will accrue interest at the Default Rate, commencing with the expiration of the five day period. When the Governmental Lender incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally.

Section 5.16. No Warranty of Condition or Suitability by the Governmental Lender or the Funding Lender. None of the Governmental Lender, the Funding Lender or the Servicer makes any warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Borrower's purposes or needs.

Section 5.17. Right of Access to the Project. The Borrower agrees that the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer and the Construction Inspector, and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but no obligation at all reasonable times during business hours on any day and upon reasonable notice, and subject to the rights of residential tenants, to enter onto the Land (a) to examine, test and inspect the Project without material interference or prejudice to the Borrower's operations and (b) to perform such work in and about the Project made necessary by reason of the Borrower's default under any of the provisions of this Borrower Loan Agreement. The Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer, and their duly authorized agents, attorneys, accountants and representatives shall also be permitted, without any obligation to do so, at all reasonable times and upon reasonable notice during business hours, to examine the books and records of the Borrower with respect to the Project.

Section 5.18. Notice of Default. The Borrower will provide Written Notice to the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer as soon as possible, and in any event not later than five Business Days after the occurrence of any Potential Default or Event of Default with a statement of an Authorized Representative of Borrower describing the details of such Potential Default or Event of Default and any curative action Borrower proposes to take.

Section 5.19. Covenant with Governmental Lender, the Fiscal Agent and Funding Lender. The Borrower agrees that this Borrower Loan Agreement is executed and delivered in part to induce the Governmental Lender to execute, and the Funding Lender to fund, the Governmental Lender Note and, accordingly, all covenants and agreements of the Borrower contained in this Borrower Loan Agreement are hereby declared to be for the benefit of the Governmental Lender, the Funding Lender, the Fiscal Agent and any lawful owner, holder or pledgee of the Borrower Note or the Governmental Lender Note from time to time.

Section 5.20. Obligation of the Borrower To Construct the Project. The Borrower shall proceed with reasonable dispatch to acquire, construct and equip the Project. If the proceeds of the Borrower Loan, together with the Other Borrower Moneys, available to be disbursed to the Borrower are not sufficient to pay the costs of such acquisition, construction, development and

equipping of the Project, the Borrower shall pay such additional costs from its own funds. The Borrower shall not be entitled to any reimbursement from the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer in respect of any such costs or to any diminution or abatement in the repayment of the Borrower Loan. The Governmental Lender, the Fiscal Agent and the Funding Lender shall not be liable to the Borrower or any other person if for any reason the Project is not completed or if the proceeds of the Borrower Loan are insufficient to pay all costs of the Project. The Governmental Lender, the Fiscal Agent and the Funding Lender do not make any representation or warranty, either express or implied, that moneys, if any, which will be made available to the Borrower will be sufficient to complete the Project, and the Governmental Lender, the Fiscal Agent and the Funding Lender shall not be liable to the Borrower or any other person if for any reason the Project is not completed.

Section 5.21. Maintenance of Insurance. Prior to the Conversion Date, the Borrower will obtain and maintain insurance with respect to the Project and the operations of the Borrower as required from time to time by the Governmental Lender and the Funding Lender. The initial insurance requirements have been provided to the Borrower in an insurance requirements letter prior to the Closing Date as described in the Construction Disbursement Agreement. From and after the Conversion Date, the Borrower shall obtain and maintain the insurance required under the Supplemental Agreement.

Section 5.22. Information; Statements and Reports. The Borrower shall furnish or cause to be furnished to the Funding Lender:

(a) ***Financial Reporting Requirements***. Prior to the Conversion Date, the Borrower will deliver, or cause to be delivered, to the Governmental Lender and the Funding Lender financial reports in accordance with Section 2.10 of the Construction Disbursement Agreement. From and after the Conversion Date, the Supplemental Agreement shall govern the Borrower's obligations to deliver financial reports, provided that the Governmental Lender may continue to receive such financial reports if so requested in writing to the Borrower.

(b) ***Audit Reports***. Promptly upon receipt thereof, copies of any audit or accountant reports as required pursuant to the Construction Disbursement Agreement or Supplemental Agreement submitted to the Borrower by independent public accountants in connection with each annual, interim or special audit of the financial statements of the Borrower made by such accountants, including the comment letter submitted by such accountants to management in connection with their annual audit;

(c) ***Notices; Certificates or Communications***. Immediately upon giving or receipt thereof, copies of any notices, certificates or other communications delivered at the Project or to the Borrower or the General Partner naming the Governmental Lender or the Funding Lender as addressee or which could reasonably be deemed to affect the structural integrity of the Project or the ability of the Borrower to perform its obligations under the Funding Loan Documents provided that copies of any such communication naming the Governmental Lender as addressee shall also be delivered to the Governmental Lender;

(d) ***Certification of Non-Foreign Status***. Promptly upon request of the Funding Lender from time to time, a certification of non-foreign status, executed on or after the date of such request by the Funding Lender;

(e) ***Compliance Certificates***. Together with each of the documents required pursuant to Section 5.22 hereof submitted by or on behalf of the Borrower, a statement, in form and substance as set forth in Exhibit A attached to this Borrower Loan Agreement, to the effect that the Borrower is in compliance with all covenants, terms and conditions applicable to the Borrower, under or pursuant to the Borrower Loan Documents and the Funding Loan Documents and under or pursuant to any other Debt owing by the Borrower to any Person, and disclosing any noncompliance therewith, and any Event of Default or Potential Default, and describing the status of the Borrower's actions to correct such noncompliance, Event of Default or Potential Default, as applicable; and

(f) ***Other Items and Information***. Such other information concerning the assets, business, financial condition, operations, property, prospects and results of operations of the Borrower, the General Partner, the Guarantor or the Project, as the Funding Lender or the Governmental Lender reasonably requests from time to time.

The Borrower shall furnish to the Governmental Lender, upon its written request, any of the items described in the foregoing sections (a) through (h) above.

Section 5.23. Additional Notices. The Borrower will, promptly after becoming aware thereof, give notice to the Funding Lender and the Servicer of:

(a) any Lien affecting the Project, or any part thereof, other than Liens expressly permitted under this Borrower Loan Agreement;

(b) any Legal Action which is instituted by or against the Borrower, the General Partner or the Guarantor, or any Legal Action which is threatened against the Borrower, the General Partner or the Guarantor which, in any case, if adversely determined, could have a material adverse effect upon the business, operations, properties, prospects, assets, management, ownership or condition (financial or otherwise) of the Borrower, the General Partner, the Guarantor or the Project;

(c) any Legal Action which constitutes an Event of Default or a Potential Default or a default under any other Contractual Obligation to which the Borrower, the General Partner or Guarantor is a party or by or to which the Borrower, the General Partner or Guarantor, or any of their respective properties or assets, may be bound or subject, which default would have a materially adverse effect on the business, operations, assets (including the Project), condition (financial or otherwise) or prospects of the Borrower, the General Partner or the Guarantor, as applicable;

(d) any default, alleged default or potential default on the part of the Borrower under any of the CC&R's (together with a copy of each notice of default or potential default received from any other party thereto);

(e) any notice of default, alleged default or potential default on the part of the Borrower received from any tenant or occupant of the Project under or relating to its lease or occupancy agreement (together with a copy of any such notice), if, in the aggregate, notices from at least 15% of the tenants at the Project have been received by the Borrower with respect to, or alleging, the same default, alleged default or potential default;

(f) any change or contemplated change in (i) the location of the Borrower's or the General Partner's executive headquarters or principal place of business; (ii) the legal, trade, or fictitious business names used by the Borrower or the General Partner; or (iii) the nature of the trade or business of the Borrower; and

(g) any default or potential default or event which would, but for the giving of notice and the passage of time, be an event of default on the part of any general or limited partner (including, without limitation, the General Partner and the Equity Investor) under the Partnership Agreement.

Section 5.24. Compliance With Other Agreements; Legal Requirements.

(a) The Borrower shall timely perform and comply with, and shall cause the General Partner to timely perform and comply with, the covenants, agreements, obligations and restrictions imposed on them under the Partnership Agreement, and the Borrower shall not do or permit to be done anything to impair any such party's rights or interests under any of the foregoing.

(b) The Borrower will comply and, to the extent it is able, will require others to comply with, all Legal Requirements of all Governmental Authorities having jurisdiction over the Project or construction of the Improvements, and will furnish the Funding Lender with reports of any official searches for or notices of violation of any requirements established by such Governmental Authorities. The Borrower will comply and, to the extent it is able, will require others to comply, with applicable CC&R's and all restrictive covenants and all obligations created by private contracts and leases which affect ownership, construction, equipping, fixturing, use or operation of the Project, and all other agreements requiring a certain percentage of the Units to be rented to persons of low or moderate income. The Improvements, when completed, shall comply with all applicable building, zoning and other Legal Requirements, and will not violate any restrictions of record against the Project or the terms of any other lease of all or any portion of the Project. The Funding Lender and the Governmental Lender shall at all times have the right to audit, at the Borrower's expense, the Borrower's compliance with any agreement requiring a certain percentage of the Units to be rented to persons of low or moderate income, and the Borrower shall supply all such information with respect thereto as Funding Lender or the Governmental Lender, as applicable, may request and otherwise cooperate with the Funding Lender or the Governmental Lender, as applicable, in any such audit. Without limiting the generality of the foregoing, the Borrower shall properly obtain, comply with and keep in effect (and promptly deliver copies to the Funding Lender of) all permits, licenses and approvals which are required to be obtained from Governmental Authorities in order to acquire, construct, occupy, operate, market and lease the Project.

Section 5.25. Completion and Maintenance of Project. The Borrower shall cause the acquisition and construction of the Improvements, to be prosecuted with diligence and continuity and completed substantially in accordance with the Plans and Specifications, and in accordance with the Construction Disbursement Agreement, free and clear of any liens or claims for liens (but without prejudice to the Borrower's rights of contest under Section 9.16 hereof) ("Completion") on or before the Completion Date. The Borrower shall thereafter maintain the Project as a residential apartment complex in good order and condition, ordinary wear and tear excepted. A maintenance program shall be in place at all times to assure the continuation of first class maintenance.

Section 5.26. Fixtures. The Borrower shall deliver to the Funding Lender, on demand, any contracts, bills of sale, statements, receipted vouchers or agreements under which the Borrower or any other Person claims title to any materials, fixtures or articles incorporated into the Improvements.

Section 5.27. Income From Project. The Borrower shall first apply all Gross Income to Expenses of the Project, including all amounts then required to be paid under the Borrower Loan Documents and the Funding Loan Documents and the funding of all sums necessary to meet the Replacement Reserve Fund Requirement, before using or applying such Gross Income for any other purpose. Prior to the Conversion Date, the Borrower shall not make or permit any distributions or other payments of Net Operating Income to its partners, shareholders or members, as applicable, in each case, without the prior Written Consent of the Funding Lender.

Section 5.28. Leases and Occupancy Agreements.

(a) ***Lease Approval***.

(i) The Borrower has submitted to the Funding Lender, and the Funding Lender has approved, the Borrower's standard form of residential tenant lease for use in the Project. The Borrower shall not materially modify that approved residential lease form without the Funding Lender's prior Written Consent in each instance, which consent shall not be unreasonably withheld or delayed. The Borrower may enter into leases of space within the Improvements (and amendments to such leases) in the ordinary course of business with bona fide third party tenants without the Funding Lender's prior Written Consent if:

(A) The lease is a Permitted Lease, and is executed in the form attached as an exhibit to the Construction Disbursement Agreement without material modification;

(B) The Borrower, acting in good faith following the exercise of due diligence, has determined that the tenant meets requirements imposed under any applicable CC&R and is financially capable of performing all of its obligations under the lease; and

(C) The lease conforms to the Rent Schedule attached as an exhibit to the Construction Disbursement Agreement and reflects an

arm's-length transaction, subject to the requirement that the Borrower comply with any applicable CC&R.

(ii) If any Event of Default has occurred and is continuing, the Funding Lender may make written demand on the Borrower to submit all future leases for the Funding Lender's Written Approval prior to execution until such Event of Default is no longer continuing. The Borrower shall comply with any such demand by the Funding Lender.

(iii) No Written Approval of any lease by the Funding Lender shall be for any purpose other than to protect the Funding Lender's security for the Borrower Loan and to preserve the Funding Lender's rights under the Borrower Loan Documents and the Funding Loan Documents. No Written Approval by the Funding Lender shall result in a waiver of any default of the Borrower. In no event shall any Written Approval by the Funding Lender of a lease be a representation of any kind with regard to the lease or its enforceability, or the financial capacity of any tenant or guarantor.

(b) ***Landlord's Obligations***. The Borrower shall perform all obligations required to be performed by it as landlord under any lease affecting any part of the Project or any space within the Improvements.

(c) ***Leasing and Marketing Agreements***. Except as may be contemplated in the Management Agreement with the Manager, the Borrower shall not without the Written Approval of the Funding Lender enter into any leasing or marketing agreement and the Funding Lender reserves the right to approve the qualifications of any marketing or leasing agent.

Section 5.29. Project Agreements and Licenses. To the extent not heretofore delivered to the Funding Lender, the Borrower will furnish to the Funding Lender, as soon as available, true and correct copies of all Project Agreements and Licenses and the Plans and Specifications, together with assignments thereof to the Funding Lender and consents to such assignments where required by the Funding Lender, all in form and substance acceptable to the Funding Lender. Neither the Borrower nor the General Partner has assigned or granted, or will assign or grant, a security interest in any of the Project Agreements and Licenses, other than to the Funding Lender and the Subordinate Lender.

Section 5.30. Payment of Debt Payments. In addition to its obligations under the Borrower Note, the Borrower will (i) duly and punctually pay or cause to be paid all principal of and interest on any Debt of the Borrower as and when the same become due on or before the due date; (ii) comply with and perform all conditions, terms and obligations of other instruments or agreements evidencing or securing such Debt; (iii) promptly inform the Funding Lender of any default, or anticipated default, under any such note, agreement, instrument; and (iv) forward to the Funding Lender a copy of any written notice of default or notice of any event that might result in default under any such note, agreement, instrument, including Liens encumbering the Project, or any portion thereof, which have been subordinated to the Security Instrument (regardless of whether or not permitted under this Borrower Loan Agreement).

Section 5.31. ERISA. If applicable, the Borrower will comply, and will cause each of its ERISA Affiliates to comply, in all respects with the provisions of ERISA.

Section 5.32. Patriot Act Compliance. The Borrower shall use its good faith and commercially reasonable efforts to comply with the Patriot Act and all applicable requirements of Governmental Authorities having jurisdiction over the Borrower and/or the Project, including those relating to money laundering and terrorism. The Funding Lender shall have the right to audit the Borrower's compliance with the Patriot Act and all applicable requirements of Governmental Authorities having jurisdiction over the Borrower and/or the Project, including those relating to money laundering and terrorism. In the event that the Borrower fails to comply with the Patriot Act or any such requirements of Governmental Authorities, then the Funding Lender may, at its option, cause the Borrower to comply therewith and any and all costs and expenses incurred by the Funding Lender in connection therewith shall be secured by the Security Instrument and shall be immediately due and payable.

Section 5.33. Funding From Equity Investor. The Borrower shall cause the Equity Investor to fund all installments of the Equity Contributions in the amounts and at the times subject and according to the terms and conditions of, and subject to adjustment as set forth in, the Partnership Agreement. All Borrower Required Equity shall be deposited in the Borrower Equity Account of the Project Fund held by the Fiscal Agent under the Funding Loan Agreement for disbursement to the Borrower upon receipt from the Borrower of a Written Requisition in accordance with the terms of the Funding Loan Agreement and the Construction Disbursement Agreement.

Section 5.34. Tax Covenants. The Borrower further represents, warrants and covenants as follows:

(a) ***General***. The Borrower shall not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the exclusion of interest on the Governmental Lender Note from gross income (as defined in Section 61 of the Code), for federal income tax purposes and, if it should take or permit any such action, the Borrower will take all lawful actions that it can take to rescind such action promptly upon having knowledge thereof and that the Borrower will take such action or actions, including amendment of this Borrower Loan Agreement, the Security Instrument and the Regulatory Agreement, as may be necessary, in the opinion of Tax Counsel, to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service applicable to the Governmental Lender Note, the Funding Loan or affecting the Project. Capitalized terms used in this Section 5.34 shall have the respective meanings assigned to them in the Regulatory Agreement or, if not defined therein, in the Funding Loan Agreement. With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that, prior to the final maturity of the Governmental Lender Note, unless it has received and filed with the Governmental Lender and the Funding Lender a Tax Counsel No Adverse Effect Opinion (other than with respect to interest on any portion of the Governmental Lender Note for a period during which such portion of the Governmental Lender Note is held by a "substantial user" of any facility financed with the

proceeds of the Governmental Lender Note or a "related person," as such terms are used in Section 147(a) of the Code), the Borrower will comply with this Section 5.34.

(b) ***Use of Proceeds***. The use of the net proceeds of the Funding Loan at all times will be solely for the Project and at all times will satisfy the following requirements:

(i) *Limitation on Net Proceeds*. At least 95% of the net proceeds (within the meaning of the Code) of the Funding Loan actually expended shall be used to pay Qualified Project Costs that are costs of a "qualified residential rental project" (within the meaning of Sections 142(a)(7) and 142(d) of the Code) and property that is "functionally related and subordinate" thereto (within the meaning of Sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii) of the Regulations).

(ii) *Limit on Costs of Funding*. The proceeds of the Funding Loan will be expended for the purposes set forth in this Borrower Loan Agreement and in the Funding Loan Agreement and no portion thereof in excess of 2% of the proceeds of the Funding Loan, within the meaning of Section 147(g) of the Code, will be expended to pay Costs of Funding of the Funding Loan.

(iii) *Prohibited Facilities*. The Borrower shall not use or permit the use of any proceeds of the Funding Loan funded with the proceeds of the Governmental Lender Note or any income from the investment thereof to provide any airplane, skybox, or other private luxury box, health club facility, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(iv) *Limitation on Land*. Less than 25% of the net proceeds of the Funding Loan funded with the proceeds of the Governmental Lender Note actually expended will be used, directly or indirectly, for the acquisition of land or an interest therein, nor will any portion of the net proceeds of the Funding Loan funded with the proceeds of the Governmental Lender Note be used, directly or indirectly, for the acquisition of land or an interest therein to be used for farming purposes.

(v) *[Reserved]*.

(vi) *Accuracy of Information*. The information furnished by the Borrower and used by the Governmental Lender in preparing its certifications with respect to Section 148 of the Code and the Borrower's information statement pursuant to Section 149(e) of the Code is accurate and complete as of the date of origination of the Funding Loan.

(vii) *Limitation of Project Expenditures*. The acquisition, construction and equipping of the Project were not commenced (within the meaning of Section 144(a) of the Code) prior to the 60th day preceding the provision of an inducement letter from the Governmental Lender with respect to the Project on May 11, 2021, and no obligation for which reimbursement will be sought from proceeds of the Funding Loan relating to the acquisition, construction or equipping of the Project was paid or incurred prior to 60 days prior to such date, except for

permissible "preliminary expenditures," which include architectural, engineering surveying, soil testing, reimbursement bond issuance and similar costs incurred prior to the commencement of construction or acquisition of the Project.

(viii) *Qualified Costs*. The Borrower hereby represents, covenants and warrants that the proceeds of the Funding Loan shall be used or deemed used exclusively to pay costs which are solely for the Project and are (A) capital expenditures (as defined in Section 1.150-1(a) of the Code's Regulations) and (B) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code and that for the greatest number of buildings the proceeds of the Funding Loan shall be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located so that each building and the land on which it is located will have been financed 50% or more by the proceeds of the Funding Loan and the proceeds of the 2022 Governmental Lender Note for the purpose of complying with Section 42(h)(4)(B) of the Code; provided however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Funding Lender nor the Governmental Lender shall have any obligation to enforce this statement nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other Borrower Affiliate or the holders or payees of the Funding Loan and the Borrower Note for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, failure to comply with this representation, covenant and warranty shall not constitute a default or event of default under this Borrower Loan Agreement or the Funding Loan Agreement.

(c) ***Limitation on Maturity***. The average maturity of the Governmental Lender Note does not exceed 120% of the average reasonably expected economic life of the Project to be financed by the Funding Loan, weighted in proportion to the respective cost of each item comprising the property the cost of which has been or will be financed, directly or indirectly, with the net proceeds of the Funding Loan. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (A) the Closing Date for the Funding Loan funded with the proceeds of the Governmental Lender Note or (B) the date on which such property is placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of property.

(d) ***No Arbitrage***. The Borrower shall not take any action or omit to take any action with respect to the Gross Proceeds of the Funding Loan or of any amounts expected to be used to pay the principal thereof or the interest thereon which, if taken or omitted, respectively, would cause the Governmental Lender Note to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code. Except as provided in the Funding Loan Agreement and this Borrower Loan Agreement, the Borrower shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under this Borrower Loan Agreement or the Borrower Note relating to the Funding Loan, shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts

in advance of the payment date of an equal principal amount of the Funding Loan funded with the proceeds of the Governmental Lender Note, unless the Borrower has obtained in each case a Tax Counsel No Adverse Effect Opinion with respect to such action, a copy of which shall be provided to the Governmental Lender and the Funding Lender. The Borrower shall not, at any time prior to the final maturity of the Funding Loan funded with the proceeds of the Governmental Lender Note, invest or cause any Gross Proceeds to be invested in any investment (or to use Gross Proceeds to replace money so invested), if, as a result of such investment the Yield of all investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Funding Loan to the Maturity Date, except as permitted by Section 148 of the Code and Regulations thereunder or as provided in the Regulatory Agreement. The Borrower further covenants and agrees that it will comply with all applicable requirements of said Section 148 and the rules and Regulations thereunder relating to the Funding Loan and the interest thereon, including the employment of a Rebate Analyst acceptable to the Governmental Lender and the Funding Lender at all times from and after the Closing Date for the calculation of rebatable amounts to the United States Treasury Department. The Borrower agrees that it will cause the Rebate Analyst to calculate the rebatable amounts not later than forty-five days after the fifth anniversary of the Closing Date and each five years thereafter and not later than forty-five days after the final Computation Date and agrees that the Borrower will pay all costs associated therewith. The Borrower agrees to provide evidence of the employment of the Rebate Analyst satisfactory to the Governmental Lender and the Funding Lender.

(e) ***No Federal Guarantee***. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the Borrower shall not take or omit to take any action which would cause the Governmental Lender Note to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(f) ***Representations***. The Borrower has supplied or caused to be supplied to Tax Counsel all documents, instruments and written information requested by Tax Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Tax Counsel, which have been reasonably relied upon by Tax Counsel in rendering its opinion with respect to the exclusion from gross income of the interest on the Governmental Lender Note for federal income tax purposes, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein in order to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information which Tax Counsel has not requested.

(g) ***Qualified Residential Rental Project***. The Borrower hereby represents, covenants and agrees that the Project to be financed by the Funding Loan will be operated as a "qualified residential rental project" within the meaning of Section 142(d) of the Code, on a continuous basis during the longer of the Qualified Project Period (as defined in the Regulatory Agreement) or any period during which any portion of the Governmental Lender Note remains outstanding, to the end that the interest on the Governmental Lender

Note shall be excluded from gross income for federal income tax purposes. The Borrower hereby covenants and agrees, continuously during the Qualified Project Period, to comply with all the provisions of the Regulatory Agreement.

(h) ***Information Reporting Requirements***. The Borrower will comply with the information reporting requirements of Section 149(e)(2) of the Code requiring certain information regarding the Governmental Lender Note to be filed with the Internal Revenue Service within prescribed time limits.

(i) ***Funding Loan Not a Hedge Bond***. The Borrower covenants and agrees that not more than 50% of the proceeds of the Funding Loan will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more within the meaning of Section 149(f)(3)(A)(ii) of the Code, and the Borrower reasonably expects that at least 85% of the spendable proceeds of the Funding Loan will be used to carry out the governmental purposes of the Funding Loan within the three-year period beginning on the Closing Date.

(j) ***Termination of Restrictions***. Although the parties hereto recognize that, subject to the provisions of the Regulatory Agreement, the provisions of this Borrower Loan Agreement shall terminate in accordance with Section 9.14 hereof, the parties hereto recognize that pursuant to the Regulatory Agreement, certain requirements, including the requirements incorporated by reference in this Section, may continue in effect beyond the term hereof.

(k) ***Public Approval***. The Borrower covenants and agrees that the proceeds of the Funding Loan will not be used in a manner that deviates in any substantial degree from the Project described in the written notice of a public hearing regarding the Governmental Lender Note.

(l) ***40/60 Test Election***. The Borrower and the Governmental Lender hereby elect to apply the requirements of Section 142(d)(1)(B) to the Project. The Borrower hereby represents, covenants and agrees, continuously during the Qualified Project Period, to comply with all the provisions of the Regulatory Agreement.

(m) ***Modification of Tax Covenants***. Subsequent to the origination of the Funding Loan and prior to its payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Funding Loan Agreement), this Section 5.34 may not be amended, changed, modified, altered or terminated except as permitted herein and by the Funding Loan Agreement and with the Written Consent of the Governmental Lender and the Funding Lender. Anything contained in this Borrower Loan Agreement or the Funding Loan Agreement to the contrary notwithstanding, the Governmental Lender, the Funding Lender, the Fiscal Agent and the Borrower hereby agree to amend this Borrower Loan Agreement and, if appropriate, the Funding Loan Agreement and the Regulatory Agreement, to the extent required, in the opinion of Tax Counsel, in order for interest on the Governmental Lender Note to remain excludable from gross income for federal income tax purposes. The party requesting such amendment, which may include the Funding Lender, shall notify the other parties to this Borrower Loan

Agreement of the proposed amendment and send a copy of such requested amendment to Tax Counsel. After review of such proposed amendment, Tax Counsel shall render to the Funding Lender and the Governmental Lender an opinion as to the effect of such proposed amendment upon the includability of interest on the Governmental Lender Note in the gross income of the recipient thereof for federal income tax purposes. The Borrower shall pay all necessary fees and expenses incurred with respect to such amendment. The Borrower, the Governmental Lender and, where applicable, the Funding Lender per written instructions from the Governmental Lender shall execute, deliver and, if applicable, the Borrower shall file of record, any and all documents and instruments, including without limitation, an amendment to the Regulatory Agreement, with a file-stamped copy to the Funding Lender, necessary to effectuate the intent of this Section 5.34, and the Borrower and the Governmental Lender hereby appoint the Funding Lender as their true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower or the Governmental Lender, as is applicable, any such document or instrument (in such form as may be approved by and upon instruction of Tax Counsel) if either the Borrower or the Governmental Lender defaults in the performance of its obligation under this Section 5.34; provided, however, that the Funding Lender shall take no action under this Section 5.34 without first notifying the Borrower or the Governmental Lender, as is applicable, of its intention to take such action and providing the Borrower or the Governmental Lender, as is applicable, a reasonable opportunity to comply with the requirements of this Section 5.34.

The Borrower irrevocably authorizes and directs the Fiscal Agent and any other agent designated by the Governmental Lender to make payment of such amounts from funds of the Borrower, if any, held by the Fiscal Agent, or any agent of the Governmental Lender or the Funding Lender. The Borrower further covenants and agrees that, pursuant to the requirements of Treasury Regulation Section 1.148-1(b), it (or any related person contemplated by such regulations) will not purchase interests in the Funding Loan in an amount related to the amount of the Borrower Loan.

(n) ***Compliance With Tax Certificate***. In furtherance of the covenants in this Section 5.34, the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which are by this reference incorporated into this Borrower Loan Agreement and made a part of this Borrower Loan Agreement as if set forth in this Borrower Loan Agreement in full. In the event of a conflict between the terms of this Borrower Loan Agreement and the Tax Certificate, the terms of the Tax Certificate shall control.

The amounts received upon the sale of the Governmental Lender Note and the 2022 Governmental Lender 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.

Section 5.35. Payment of Rebate.

(a) ***Arbitrage Rebate***. The Borrower agrees to take all steps necessary to compute and pay any rebatable arbitrage relating to the Funding Loan or the Governmental Lender Note in accordance with Section 148(f) of the Code including:

(i) *Delivery of Documents and Money on Computation Dates*. The Borrower will deliver to the Fiscal Agent with a copy to the Servicer, within 55 days after each Computation Date:

(A) a statement, signed by the Borrower, stating the Rebate Amount as of such Computation Date;

(B) (1) if such Computation Date is an Installment Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90% of the Rebate Amount as of such Installment Computation Date, less any "previous rebate payments" made to the United States (as that term is used in Section 1.148-3(f)(1) of the Regulations), or (2) if such Computation Date is the final Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount as of such final Computation Date, less any "previous rebate payments" made to the United States (as that term is used in Section 1.148-3(f)(1) of the Regulations); and

(C) an Internal Revenue Service Form 8038-T properly signed and completed as of such Computation Date.

(ii) *Correction of Underpayments*. If the Borrower shall discover or be notified as of any date that any payment paid to the United States Treasury pursuant to this Section 5.35 of an amount described in Section 5.35(a)(i)(A) or (B) above shall have failed to satisfy any requirement of Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Borrower, the Governmental Lender or the Funding Lender), the Borrower shall (1) pay to the Fiscal Agent (for deposit to the Rebate Fund) and cause the Fiscal Agent to pay to the United States Treasury from the Rebate Fund the underpayment of the Rebate Amount, together with any penalty and/or interest due, as specified in Section 1.148-3(h) of the Regulations, within 175 days after any discovery or notice and (2) deliver to the Fiscal Agent an Internal Revenue Service Form 8038-T completed as of such date. If such underpayment of the Rebate Amount, together with any penalty and/or interest due, is not paid to the United States Treasury in the amount and manner and by the time specified in the Regulations, the Borrower shall take such steps as are necessary to prevent the Governmental Lender Note from becoming an arbitrage bond within the meaning of Section 148 of the Code.

(iii) *Records*. The Borrower shall retain all of its accounting records relating to the funds established under this Borrower Loan Agreement and all

calculations made in preparing the statements described in this Section 5.35 for at least six years after the later of the final maturity of the Governmental Lender Note or the date the Funding Loan is retired in full.

(iv) *Costs*. The Borrower agrees to pay all of the fees and expenses of a nationally recognized Tax Counsel, the Rebate Analyst and any other necessary consultant employed by the Borrower or the Funding Lender in connection with computing the Rebate Amount.

(v) *No Diversion of Rebatable Arbitrage*. The Borrower will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Funding Loan which is not purchased at Fair Market Value or includes terms that the Borrower would not have included if the Funding Loan were not subject to Section 148(f) of the Code.

(vi) *Modification of Requirements*. If at any time during the term of this Borrower Loan Agreement, the Governmental Lender, the Funding Lender or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section 5.35, such Person shall be permitted to take such action if it shall first obtain and provide to the other Persons named herein a Tax Counsel No Adverse Effect Opinion with respect to such action.

(vii) *Appointment of Rebate Analyst*. The Borrower covenants that it will, within 30 days of the date of the Closing Date, engage a qualified person or firm acceptable to the Governmental Lender and the Funding Lender to perform any rebate calculations that may be required to be made from time to time with respect to the Governmental Lender Note. The Borrower hereby covenants that it will, within 30 days of the date of the Closing Date, provide evidence to the Governmental Lender and the Funding Lender of such appointment.

(b) ***Rebate Fund***. The Fiscal Agent shall establish and hold a separate fund designated as the "Rebate Fund." The Fiscal Agent shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto.

(c) Within 15 days after each receipt or transfer of funds to the Rebate Fund, the Fiscal Agent shall withdraw from the Rebate Fund and pay to the United States of America the entire balance of the Rebate Fund, and the Fiscal Agent shall advise the Governmental Lender and the Servicer in writing of the date and amount of any payment so made.

(d) All payments to the United States of America pursuant to this Section 5.35 shall be made by the Fiscal Agent for the account and in the name of the Governmental Lender and shall be paid through the United States Mail (return receipt requested or overnight delivery), addressed to the appropriate Internal Revenue Service Center and

accompanied by the appropriate Internal Revenue Service forms (such forms to be provided to the Fiscal Agent by the Borrower or the Rebate Analyst as set forth in this Section 5.35).

(e) The Borrower shall preserve all statements, forms and explanations received delivered pursuant this Section 5.35 and all records of transactions in the Rebate Fund until six years after the retirement of the Funding Loan.

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

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

(h) Notwithstanding the foregoing, the computations and payments of the Rebate Amounts referred to in this Section 5.35 need not be made to the extent that neither the Governmental Lender nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on a Tax Counsel No Adverse Effect Opinion, a copy of which shall be provided to the Funding Lender.

Section 5.36. Covenants Under Funding Loan Agreement. The Borrower will fully and faithfully perform all the duties and obligations which the Governmental Lender has covenanted and agreed in the Funding Loan Agreement to cause the Borrower to perform and any duties and obligations which the Borrower is required in the Funding Loan Agreement to perform. The foregoing will not apply to any duty or undertaking of the Governmental Lender which by its nature cannot be delegated or assigned.

Section 5.37. Notice of Default. The Borrower will advise the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer promptly in writing of the occurrence of any Potential Default or Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

ARTICLE VI

NEGATIVE COVENANTS

The Borrower hereby covenants and agrees as follows, which covenants shall remain in effect so long as any Borrower Payment Obligation or other obligation of the Borrower under any

of the Borrower Loan Documents or the Funding Loan Documents remains outstanding or unperformed. The Borrower covenants and agrees that it will not, directly or indirectly:

Section 6.1. Management Agreement. With the Funding Lender's prior Written Consent, the Borrower shall enter into the Management Agreement, and thereafter the Borrower shall not, without the Funding Lender's prior Written Consent (which consent shall not be unreasonably withheld, conditioned or delayed) and subject to the Regulatory Agreement: (i) surrender, terminate or cancel the Management Agreement or otherwise replace the Manager or enter into any other management agreement; (ii) reduce or consent to the reduction of the term of the Management Agreement; (iii) increase or consent to the increase of the amount of any charges under the Management Agreement; (iv) otherwise modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect any of its rights and remedies under, the Management Agreement; or (v) suffer or permit the occurrence and continuance of a default beyond any applicable cure period under the Management Agreement (or any successor management agreement) if such default permits the Manager to terminate the Management Agreement (or such successor management agreement).

Section 6.2. Dissolution. Dissolve or liquidate, in whole or in part, merge with or consolidate into another Person.

Section 6.3. Change in Business or Operation of Property. Enter into any line of business other than the ownership and operation of the Project, or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business and activities incidental or related thereto or otherwise cease to operate the Project as a multi-family property or terminate such business for any reason whatsoever (other than temporary cessation in connection with construction or rehabilitation, as appropriate, of the Project).

Section 6.4. Debt Cancellation. Cancel or otherwise forgive or release any claim or debt owed to the Borrower by a Person, except for adequate consideration or in the ordinary course of the Borrower's business in its reasonable judgment.

Section 6.5. Assets. Purchase or own any real property or personal property incidental thereto other than the Project.

Section 6.6. Transfers. Make, suffer or permit the occurrence of any Transfer other than a transfer permitted under the Security Instrument and the Regulatory Agreement, nor transfer any material License required for the operation of the Project.

Section 6.7. Debt. Other than Permitted Title Exceptions or as expressly approved in writing by the Funding Lender, create, incur or assume any indebtedness for borrowed money (including subordinate debt) whether unsecured or secured by all or any portion of the Project or interest therein or in the Borrower or any partner thereof (including subordinate debt) other than (i) the Borrower Payment Obligations, (ii) the Subordinate Debt, (iii) secured indebtedness incurred pursuant to or permitted by the Borrower Loan Documents and the Funding Loan Documents, (iv) trade payables incurred in the ordinary course of business, (v) an unsecured deferred developer fee as provided for in the Partnership Agreement, and (vi) unsecured

subordinate loans made to the Borrower by its partners pursuant to the terms of the Partnership Agreement.

Section 6.8. Assignment of Rights. Without the Funding Lender's prior Written Consent, attempt to assign the Borrower's rights or interest under any Borrower Loan Document or Funding Loan Document in contravention of any Borrower Loan Document or Funding Loan Document.

Section 6.9. Principal Place of Business. Change its principal place of business without providing 30 days' prior Written Notice of the change to the Funding Lender and the Servicer.

Section 6.10. Partnership Agreement. Without the Funding Lender's prior Written Consent (which consent shall not be unreasonably withheld) surrender, terminate, cancel, modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect, any of its rights or remedies under the Partnership Agreement; provided, however, the consent of the Funding Lender is not required for an amendment of the Partnership Agreement resulting solely from the "Permitted Transfer" of partnership interests of Borrower as defined in and permitted by the Security Instrument.

Section 6.11. ERISA. Maintain, sponsor, contribute to or become obligated to contribute to, or suffer or permit any ERISA Affiliate of the Borrower to, maintain, sponsor, contribute to or become obligated to contribute to, any Plan, or permit the assets of the Borrower to become "plan assets," whether by operation of law or under regulations promulgated under ERISA.

Section 6.12. No Hedging Arrangements. Without the prior Written Consent of the Funding Lender or unless otherwise required by this Borrower Loan Agreement, the Borrower will not enter into or guarantee, provide security for or otherwise undertake any form of contractual obligation with respect to any interest rate swap, interest rate cap or other arrangement that has the effect of an interest rate swap or interest rate cap or that otherwise (directly or indirectly, derivatively or synthetically) hedges interest rate risk associated with being a debtor of variable rate debt or any agreement or other arrangement to enter into any of the above on a future date or after the occurrence of one or more events in the future.

Section 6.13. Loans and Investments; Distributions; Related Party Payments.

(a) Without the prior Written Consent of the Funding Lender in each instance, the Borrower shall not (i) lend money, make investments, or extend credit, other than in the ordinary course of its business as presently conducted; or (ii) repurchase, redeem or otherwise acquire any interest in the Borrower, any Borrower Affiliate or any other Person owning an interest, directly or indirectly, in the Borrower, or make any distribution, in cash or in kind, in respect of interests in the Borrower, any Borrower Affiliate or any other Person owning an interest, directly or indirectly, in the Borrower (except to the extent permitted by the Security Instrument and subject to the limitations set forth in Section 5.27 hereof).

(b) Disbursements for fees and expenses of any Borrower Affiliate or Developer Fee (however characterized) will only be paid to the extent that such fee or expense bears a proportionate relationship to the percentage of completion of the construction of the Improvements, as determined by the Construction Inspector, and only

after deducting the applicable Retainage. Except as otherwise permitted hereunder or by the Funding Lender, no Disbursements for the Developer Fee or any "deferred developer fees" as determined by the Funding Lender on the Closing Date shall be made prior to the Conversion Date.

Section 6.14. Amendment of Related Documents or CC&R's. Without the prior Written Consent of the Funding Lender in each instance, except as provided herein or in the Construction Disbursement Agreement, the Borrower shall not enter into or consent to any amendment, termination, modification, or other alteration of any of the Related Documents or any of the CC&R's (including, without limitation, those contained in this Borrower Loan Agreement, Architect's Agreement, any Engineer's Contract, any Construction Contract, and any Management Agreement, but excluding the Partnership Agreement, which is covered by Section 6.10 hereof), or any assignment, transfer, pledge or hypothecation of any of its rights thereunder, if any.

Section 6.15. Personal Property. The Borrower shall not install materials, personal property, equipment or fixtures subject to any security agreement or other agreement or contract wherein the right is reserved to any Person other than the Borrower to remove or repossess any such materials, equipment or fixtures, or whereby title to any of the same is not completely vested in the Borrower at the time of installation, without the Funding Lender's prior Written Consent; provided, however, that this Section 6.15 shall not apply to laundry equipment or other equipment that is owned by a third-party vendor and commercial tenants.

Section 6.16. Fiscal Year. Without the Funding Lender's Written Consent, which shall not be unreasonably withheld, neither the Borrower nor the General Partner shall change the times of commencement or termination of its fiscal year or other accounting periods, or change its methods of accounting, other than to conform to GAAP.

Section 6.17. Publicity. Neither the Borrower nor the General Partner shall issue any publicity release or other communication to any print, broadcast or on-line media, post any sign or in any other way identify the Funding Lender or any of its Affiliates as the source of the financing provided for herein, without the prior Written Approval of the Funding Lender in each instance (provided that nothing herein shall prevent the Borrower or the General Partner from identifying the Funding Lender or its Affiliates as the source of such financing to the extent that the Borrower or General Partner are required to do so by disclosure requirements applicable to publicly held companies). The Borrower and the General Partner agree that no sign shall be posted on the Project in connection with the construction of the Improvements unless such sign identifies the Funding Lender, and/or CCRC and their respective successors and assigns, as the source of the financing provided for herein or the Funding Lender and/or CCRC, consent in writing to not being identified on any such sign.

Section 6.18. Subordinate Loan Documents. Without the Funding Lender's prior written consent, the Borrower will not surrender, terminate, cancel, modify, change, supplement, alter, amend, waive, release, assign, transfer, pledge or hypothecate any of its rights or remedies under the Subordinate Loan Documents.

Section 6.19. [Reserved].

Section 6.20. Controlled Substances. The Borrower shall not, and shall not suffer or permit a tenant under any lease to violate any Legal Requirements affecting the Property, including the Controlled Substances Act, or which could otherwise result in the occurrence of an Event of Default, including the commencement of any proceedings under the Civil Asset Forfeiture Reform Act. Upon learning of any conduct contrary to this Section, the Borrower shall immediately take all actions reasonably expected under the circumstances to terminate any such use of the Property, including: (a) to give timely notice to an appropriate law enforcement agency of information that led the Borrower to know such conduct had occurred, and (b) in a timely fashion to revoke or make a good faith attempt to revoke permission for those engaging in such conduct to use the Property or to take reasonable actions in consultation with a law enforcement agency to discourage or prevent the illegal use of the Property.

Section 6.21. Sanctions. The Borrower shall not, directly or indirectly, use the proceeds of the Borrower Loan, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, to fund the activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction being financed by the Borrower Loan, whether as underwriter, advisor, investor or otherwise) of Sanctions.

Section 6.22. Effect of Supplemental Agreement Following Conversion. The parties hereto acknowledge that upon satisfaction of the "Conversion Conditions" set forth in the Loan Purchase Agreement and CCRC's purchase of the Funding Loan on the Conversion Date, CCRC shall become the Funding Lender and the Servicer. Notwithstanding anything to the contrary contained herein, upon the Conversion Date, the Supplemental Agreement is hereby deemed to supplement and modify the terms of this Agreement. In the event of any conflict between the terms of this Borrower Loan Agreement and the Supplemental Agreement, the terms of the Supplemental Agreement shall govern and control, except with respect to Unassigned Rights or any terms which have the effect of modifying the terms of the Funding Loan and the Governmental Lender Note, which shall only be permitted upon receipt of a Tax Counsel No Adverse Effect Opinion.

ARTICLE VII

DEFAULTS

Section 7.1. Events of Default. Each of the following events shall constitute an "Event of Default" under this Borrower Loan Agreement:

(a) failure by the Borrower to pay any Borrower Loan Payment in the manner and on the date such payment is due in accordance with the terms and provisions of the Borrower Note, or the failure by the Borrower to pay any Additional Borrower Payment on the date such payment is due in accordance with the terms and provisions of the Borrower Note, the Security Instrument, this Borrower Loan Agreement or any other Funding Loan Document;

(b) failure by or on behalf of the Borrower to pay when due any amount (other than as provided in subsection (a) above or elsewhere in this Section 7.1) required to be paid by the Borrower under this Borrower Loan Agreement, the Borrower Note, the Security Instrument, any of the other Borrower Loan Documents, or any Funding Loan Documents, including a failure to repay any amounts that have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings, which default remains uncured for a period of 10 days after Written Notice thereof shall have been given to the Borrower;

(c) an Event of Default, as defined by the Borrower Note, the Security Instrument, any other Borrower Loan Document, or any Funding Loan Document by the Borrower or the Guarantor occurs (or to the extent an "Event of Default" is not defined in any other Funding Loan Document, any default or breach by the Borrower or any Guarantor of its obligations, covenants, representations or warranties under such Funding Loan Document occurs and any applicable notice and/or cure period has expired);

(d) any representation or warranty made by any of the Borrower, the Guarantor or the General Partner in any Borrower Loan Document or Funding Loan Document to which it is a party, or in any report, certificate, financial statement or other instrument, agreement or document furnished by the Borrower, the Guarantor or the General Partner in connection with any Borrower Loan Document or Funding Loan Document, shall be false or misleading in any material respect as of the Closing Date;

(e) the Borrower shall make a general assignment for the benefit of creditors, or shall generally not be paying its debts as they become due;

(f) the Borrower Controlling Entity shall make a general assignment for the benefit of creditors, shall generally not be paying its debts as they become due (beyond any applicable notice and cure period), or an Act of Bankruptcy with respect to the Borrower Controlling Entity shall occur, unless in all cases the Borrower Controlling Entity is replaced with a substitute Borrower Controlling Entity that satisfies the requirements of Section 6.5 of the Security Instrument; which, in the case of a non-profit Borrower Controlling Entity, may be replaced within 60 days of such event with another non-profit Borrower Controlling Entity acceptable to the Funding Lender, in which case no Event of Default shall be deemed to have occurred;

(g) any portion of the Borrower Required Equity to be made by the Equity Investor is not received in accordance with the terms and conditions of the Partnership Agreement (as the same may be subject to adjustment therein) after the expiration of all applicable notice and cure periods;

(h) the failure by the Borrower or any ERISA Affiliate of the Borrower to comply in all respects with ERISA, or the occurrence of any other event (with respect to the failure of the Borrower or any ERISA Affiliate to pay any amount required to be paid under ERISA or with respect to the termination of, or withdrawal of the Borrower or any ERISA Affiliate from, any employee benefit or welfare plan subject to ERISA) the effect

of which is to impose upon the Borrower (after giving effect to the tax consequences thereof) for the payment of any amount in excess of $50,000;

(i) a Bankruptcy Event shall occur with respect to the Borrower, the General Partner or the Guarantor, or there shall be a change in the assets, liabilities or financial position of any such Person which has a material adverse effect upon the ability of such Person to perform such Person's obligations under this Borrower Loan Agreement, any other Funding Loan Document or any Related Document, provided that any such Bankruptcy Event with respect to a Guarantor shall not constitute an Event of Default: (i) if such Bankruptcy Event occurs on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such Bankruptcy Event occurs prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within 30 days after notice thereof from the Funding Lender;

(j) all or any part of the property of the Borrower is attached, levied upon or otherwise seized by legal process, and such attachment, levy or seizure is not quashed, stayed or released: (i) prior to the Completion Date, within 10 days of the date thereof or (ii) after the Completion Date, within 30 days of the date thereof;

(k) subject to Section 9.16 hereof, the Borrower fails to pay when due any monetary obligation (other than pursuant to this Borrower Loan Agreement) to any Person in excess of $100,000, and such failure continues beyond the expiration of any applicable cure or grace periods;

(l) any material litigation or proceeding is commenced before any Governmental Authority against or affecting the Borrower, any General Partner or the Guarantor, or property of the Borrower, any General Partner or the Guarantor, or any part thereof, and such litigation or proceeding is not defended diligently and in good faith by the Borrower, any General Partner or the Guarantor, as applicable, provided that any such material litigation or proceeding against a Guarantor shall not constitute an Event of Default: (i) if such material litigation is commenced on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such material litigation or proceeding is commenced prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within 30 days after notice thereof from the Funding Lender;

(m) a final judgment or decree for monetary damages in excess of $50,000 or a monetary fine or penalty (not subject to appeal or as to which the time for appeal has expired) is entered against the Borrower, any General Partner or the Guarantor by any Governmental Authority, and such judgment, decree, fine or penalty is not paid and discharged or stayed (i) prior to the Completion Date, within 10 days after entry thereof or (ii) after the Completion Date, within 30 days after entry thereof (or such longer period as may be permitted for payment by the terms of such judgment, fine or penalty); provided that any such judgment, decree, fine or penalty against a Guarantor shall not constitute an Event of Default: (i) if such judgment, decree, fine or penalty is entered on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such judgment, decree, fine or penalty is entered prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within 30 days after notice thereof from the Funding Lender;

(n) a final, un-appealable and uninsured money judgment or judgments, in favor of any Person other than a Governmental Authority, in the aggregate sum of $50,000 or more shall be rendered against the Borrower, any General Partner or the Guarantor, or against any of their respective assets, that is not paid, superseded, stayed or bonded over to the satisfaction of the Funding Lender (i) prior to the Completion Date, within 10 days after entry thereof or (ii) after the Completion Date, within 30 days after entry thereof (or such longer period as may be permitted for payment by the terms of such judgment); or any levy of execution, writ or warrant of attachment, or similar process, is entered or filed against the Borrower, any General Partner or the Guarantor, or against any of their respective assets (that is likely to have a material adverse effect upon the ability of the Borrower, any General Partner or the Guarantor to perform their respective obligations under this Borrower Loan Agreement, any other Borrower Loan Document or any Related Document), and such judgment, writ, warrant or process shall remain unsatisfied, unsettled, unvacated, unhanded and unstayed (i) prior to the Completion Date, for a period of 10 days or (ii) after the Completion Date, for a period of 30 days, or in any event later than five Business Days prior to the date of any proposed sale thereunder, provided that any such judgment, levy, writ, warrant, attachment or similar process against a Guarantor shall not constitute an Event of Default: (i) if such judgment, levy, writ, warrant, attachment or similar process is entered on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such judgment, levy, writ, warrant, attachment or similar process is entered prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within 30 days after notice thereof from the Funding Lender;

(o) the inability of the Borrower to satisfy any condition for the receipt of a Disbursement hereunder (other than an Event of Default specifically addressed in this Section 7.1) and failure to resolve the situation to the satisfaction of the Funding Lender for a period in excess of 30 days after Written Notice from the Funding Lender unless: (i) such inability shall have been caused by conditions beyond the control of the Borrower, including, without limitation, acts of God or the elements, fire, strikes and disruption of shipping; (ii) the Borrower shall have made adequate provision, acceptable to the Funding Lender, for the protection of materials stored on-site or off-site and for the protection of the Improvements to the extent then constructed against deterioration and against other loss or damage or theft; (iii) the Borrower shall furnish to the Funding Lender satisfactory evidence that such cessation of construction will not adversely affect or interfere with the rights of the Borrower under labor and materials contracts or subcontracts relating to the construction or operation of the Improvements; and (iv) the Borrower shall furnish to the Funding Lender satisfactory evidence that the completion of the construction of the Improvements can be accomplished by the Completion Date;

(p) the construction of the Improvements is abandoned or halted prior to the Completion Date for any period of 30 consecutive days other than due to a force majeure event, but in any case no longer than 90 consecutive days;

(q) the Borrower shall fail to keep in force and effect any material permit, license, consent or approval required under this Borrower Loan Agreement, or any Governmental Authority with jurisdiction over the Property or the Project orders or requires that construction of the Improvements be stopped, in whole or in part, or that any required approval, license or permit be withdrawn or suspended, and the order, requirement, withdrawal or suspension remains in effect for a period of 30 days;

(r) failure by the Borrower to Substantially Complete the construction of the Improvements in accordance with this Borrower Loan Agreement on or prior to the Substantial Completion Date;

(s) failure by the Borrower to complete the construction of the Improvements in accordance with this Borrower Loan Agreement on or prior to the Completion Date;

(t) failure by the Borrower to satisfy the Conversion Conditions on or before the Mandatory Payment Date and the Termination Date;

(u) failure by any Subordinate Lender to disburse the proceeds of its Subordinate Loan in such amounts and at such times as set forth in the Cost Breakdown and in the Subordinate Loan Documents unless otherwise approved in writing by the Funding Lender;

(v) an "Event of Default" or "Default" (as defined in the applicable agreement) shall occur under any of the Subordinate Loan Documents after the expiration of all applicable notice and cure periods set forth therein;

(w) the Borrower fails to obtain all grading, foundation, building and all other construction permits, licenses and authorizations from all applicable Governmental

Authorities or third parties necessary for the completion of the construction of the Improvements, and the operation of, and access to, the Project, within 10 days after the Closing Date;

(x) any failure by the Borrower to perform or comply with any of its obligations under this Borrower Loan Agreement (other than those specified in this Section 7.1), as and when required, which continues for a period of 30 days after Written Notice of such failure by the Funding Lender or the Servicer on its behalf to the Borrower (with a copy to the Governmental Lender and the Equity Investor); provided, however, if such failure is susceptible of cure but cannot reasonably be cured within such 30-day period, and the Borrower shall have commenced to cure such failure within such 30-day period and thereafter diligently and expeditiously proceeds to cure the same, such 30-day period shall be extended for an additional period of time as is reasonably necessary for the Borrower in the exercise of due diligence to cure such failure, such additional period not to exceed 60 days. However, no such notice or grace period shall apply to the extent such failure could, in the Funding Lender's judgment, absent immediate exercise by the Funding Lender of a right or remedy under this Borrower Loan Agreement, result in harm to the Funding Lender, impairment of the Borrower Note or this Borrower Loan Agreement or any security given under any other Borrower Loan Document; or

(y) a judicial or nonjudicial forfeiture or seizure proceeding is commenced by a Governmental Authority and remains pending with respect to the Property or any part thereof, on the grounds that the Property or any part thereof had been used to commit or facilitate the commission of a criminal offense by any Person, including any tenant, pursuant to any Law, including under the Controlled Substances Act or the Civil Asset Forfeiture Reform Act, regardless of whether or not the Property or the Security Instrument shall become subject to forfeiture or seizure in connection therewith.

Notwithstanding anything to the contrary herein, any notice of default delivered by the Funding Lender or the Governmental Lender to the Borrower shall be simultaneously delivered to the Equity Investor.

Section 7.2. Remedies, Acceleration. Upon the occurrence of an Event of Default (other than an Event of Default described in paragraph (e), (f) or (i) of Section 7.1) and at any time and from time to time thereafter, as long as such Event of Default continues to exist, in addition to any other rights or remedies available to the Governmental Lender pursuant to the Funding Loan Documents or at law or in equity, the Funding Lender may, take such action (whether directly or by directing the actions of the Fiscal Agent), without notice or demand, as the Funding Lender deems advisable to protect and enforce its rights against the Borrower and in and to the Project, including declaring the Borrower Payment Obligations to be immediately due and payable (including, without limitation, the principal of, [Prepayment Premium, if any,] and interest on and all other amounts due on the Borrower Note to be immediately due and payable), without notice or demand, and apply such payment of the Borrower Payment Obligations in any manner and in any order determined by the Funding Lender, in the Funding Lender's sole and absolute discretion; and upon any Event of Default described in paragraph (e), (f) or (i) of Section 7.1, the Borrower Payment Obligations shall become immediately due and payable, without notice or demand, and the Borrower hereby expressly waives any such notice or demand, anything contained in any

Funding Loan Document to the contrary notwithstanding. Notwithstanding anything herein to the contrary and subject to Section 9.2 of the Funding Loan Agreement, enforcement of remedies hereunder and under the Funding Loan Agreement shall be controlled by the Funding Lender.

Section 7.2.1 ***Remedies Cumulative***. Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to the Funding Lender or the Fiscal Agent against the Borrower under the Funding Loan Documents or at law or in equity may be by the Funding Lender or the Fiscal Agent, at any time and from time to time, whether or not all or any of the Borrower Payment Obligations shall be declared due and payable, and whether or not the Funding Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Funding Loan Documents. Any such actions taken by the Funding Lender shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Funding Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of the Funding Lender permitted by law, equity or contract or as set forth in the Funding Loan Documents. Without limiting the generality of the foregoing, the Borrower agrees that if an Event of Default is continuing, all Liens and other rights, remedies or privileges provided to the Funding Lender shall remain in full force and effect until it has exhausted all of its remedies, the Security Instrument has been foreclosed, the Project has been sold and/or otherwise realized upon satisfaction of the Borrower Payment Obligations or the Borrower Payment Obligations have been paid in full. To the extent permitted by applicable law, nothing contained in any Funding Loan Document shall be construed as requiring the Funding Lender to resort to any portion of the Project for the satisfaction of any of the Borrower Payment Obligations in preference or priority to any other portion, and the Funding Lender may seek satisfaction out of the entire Project or any part thereof, in its absolute discretion.

Notwithstanding any provision herein to the contrary, the Governmental Lender, the Fiscal Agent and the Funding Lender agree that any cure of any default made or tendered by the Equity Investor under the Borrower Loan Documents or the Funding Loan Documents shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 7.2.2 ***Delay***. No delay or omission to exercise any remedy, right, power accruing upon an Event of Default, or the granting of any indulgence or compromise by the Governmental Lender, the Fiscal Agent or the Funding Lender shall impair any such remedy, right or power hereunder or be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Potential Default or Event of Default shall not be construed to be a waiver of any subsequent Potential Default or Event of Default or to impair any remedy, right or power consequent thereon. Notwithstanding any other provision of this Borrower Loan Agreement, the Funding Lender and the Fiscal Agent reserve the right to seek a deficiency judgment or preserve a deficiency claim, in connection with the foreclosure of the Security Instrument to the extent necessary to foreclose on the Project, the Rents, the funds or any other Collateral.

Section 7.2.3 ***Set Off; Waiver of Set Off***. Upon the occurrence of an Event of Default, the Funding Lender may, at any time and from time to time, without notice to Borrower or any other Person (any such notice being expressly waived), set off and appropriate and apply (against and on account of any obligations and liabilities of the Borrower to the Funding Lender, the Governmental Lender or the Fiscal Agent arising under or connected with this Borrower Loan Agreement, the other Borrower Loan Documents or the Funding Loan Documents, irrespective of whether or not the Funding Lender or the Fiscal Agent shall have made any demand therefor, and although such obligations and liabilities may be contingent or unmatured), and the Borrower hereby grants to the Governmental Lender, the Fiscal Agent and the Funding Lender, as security for the Borrower Payment Obligations, a security interest in, any and all deposits (general or special, including but not limited to Debt evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other Debt at any time held or owing by the Funding Lender to or for the credit or the account of the Borrower.

Section 7.2.4 ***Assumption of Obligations***. In the event that the Funding Lender, the Fiscal Agent or the assignee or designee of either shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under this Borrower Loan Agreement, the Borrower Note, the Regulatory Agreement, any other Borrower Loan Document and Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

Section 7.2.5 ***Accounts Receivable***. Upon the occurrence of an Event of Default, the Funding Lender shall have the right, to the extent permitted by law, to impound and take possession of books, records, notes and other documents evidencing the Borrower's accounts, accounts receivable and other claims for payment of money, arising in connection with the Project, and to make direct collections on such accounts, accounts receivable and claims for the benefit of the Funding Lender.

Section 7.2.6 ***Defaults Under Other Documents***. The Funding Lender shall have the right to cure any default under any of the Related Documents and the Subordinate Loan Documents, but shall have no obligation to do so.

Section 7.2.7 ***Abatement of Disbursements***. Notwithstanding any provision to the contrary herein or any of the other Borrower Loan Documents or the Funding Loan Documents, the Funding Lender's obligation to make further Disbursements shall abate: (i) during the continuance of any Potential Default; (ii) after any disclosure to the Funding Lender of any fact or circumstance that, absent such disclosure, would cause any representation or warranty of the Borrower to fail to be true and correct in all material respects, unless and until the Funding Lender elects to permit further Disbursements notwithstanding such event or circumstance; and (iii) upon the occurrence of any Event of Default.

Section 7.2.8 ***Completion of Improvements***. Upon the occurrence of any Event of Default, the Funding Lender shall have the right to cause an independent contractor selected by the Funding Lender to enter into possession of the Project and to perform any and all work and labor necessary for the completion of the Project substantially in accordance with the Plans and Specifications, if any, and to perform the Borrower's obligations under this Borrower Loan Agreement. All sums expended by the Funding Lender for such purposes shall be deemed to have been disbursed to and borrowed by the Borrower and shall be secured by the Security Documents.

Section 7.2.9 ***Right To Directly Enforce***. Notwithstanding any other provision hereof to the contrary, the Funding Lender shall have the right to directly enforce all rights and remedies hereunder with or without involvement of the Governmental Lender or the Fiscal Agent, provided that only the Governmental Lender may enforce the Unassigned Rights. In the event that any of the provisions set forth in this Section 7.2.10 are inconsistent with the covenants, terms and conditions of the Security Instrument, the covenants, terms and conditions of the Security Instrument shall prevail.

Section 7.2.10 ***Power of Attorney***. Effective upon the occurrence of an Event of Default, and continuing until and unless such Event of Default is cured or waived, the Borrower hereby constitutes and appoints the Funding Lender, or an independent contractor selected by the Funding Lender, as its true and lawful attorney-in-fact with full power of substitution, for the purposes of completion of the Project and performance of the Borrower's obligations under this Borrower Loan Agreement in the name of the Borrower, and hereby empowers said attorney-in-fact to do any or all of the following upon the occurrence and continuation of an Event of Default (it being understood and agreed that said power of attorney shall be deemed to be a power coupled with an interest which cannot be revoked until full payment and performance of all obligations under this Borrower Loan Agreement, the other Borrower Loan Documents and the Funding Loan Documents):

(a) to use any of the funds of the Borrower or the General Partner, including any balance of the Borrower Loan, as applicable, and any funds which may be held by the Funding Lender for the Borrower (including all funds in all deposit accounts in which the Borrower has granted to the Funding Lender a security interest), for the purpose of effecting completion of the construction of the Improvements, in the manner called for by the Plans and Specifications;

(b) to make such additions, changes and corrections in the Plans and Specifications as shall be necessary or desirable to complete the Project in substantially the manner contemplated by the Plans and Specifications;

(c) to employ any contractors, subcontractors, agents, architects and inspectors required for said purposes;

(d) to employ attorneys to defend against attempts to interfere with the exercise of power granted hereby;

(e) to pay, settle or compromise all existing bills and claims which are or may be liens against the Project or the Improvements, or may be necessary or desirable for the completion of the construction of the Improvements, or clearance of objections to or encumbrances on title;

(f) to execute all applications and certificates in the name of the Borrower, which may be required by any other construction contract;

(g) to prosecute and defend all actions or proceedings in connection with the Project and to take such action, require such performance and do any and every other act as is deemed necessary with respect to the completion of the construction of the Improvements, which the Borrower might do on its own behalf;

(h) to let new or additional contracts to the extent not prohibited by their existing contracts;

(i) to employ watchmen and erect security fences to protect the Project from injury; and

(j) to take such action and require such performance as it deems necessary under any of the bonds or insurance policies to be furnished hereunder, to make settlements and compromises with the sureties or insurers thereunder, and in connection therewith to execute instruments of release and satisfaction.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default, rights and remedies may be pursued pursuant to the terms of the Borrower Loan Documents and the Funding Loan Documents. The parties hereto acknowledge that, among the possible outcomes to the pursuit of such remedies, is the situation where the Funding Lender assignees or designees become the owner of the Project and assume the obligations identified above, and the Borrower Note, the Borrower Loan, the other Borrower Loan Documents and Funding Loan Documents remain outstanding.

ARTICLE VIII

SPECIAL PROVISIONS

Section 8.1. Sale of Note and Secondary Market Transaction.

Section 8.1.1 ***Cooperation***. Subject to the restrictions of Section 2.4 of the Funding Loan Agreement, at the Funding Lender's or the Servicer's request (to the extent not already required to be provided by the Borrower under this Borrower Loan Agreement), the Borrower shall use reasonable efforts to satisfy the market standards to which the Funding Lender or the Servicer customarily adheres or which may be reasonably required in the marketplace or by the Funding Lender or the Servicer in connection with one or more sales or assignments of all or a portion of the Governmental Lender Note and the Funding Loan or participations therein or securitizations of single or multi-class securities (the "Securities") secured by or evidencing ownership interests in all or a portion of the Governmental Lender Note and Funding Loan (each such sale, assignment and/or

securitization, a "Secondary Market Transaction"); provided that neither the Borrower nor the Governmental Lender shall incur any third party or other out-of-pocket costs and expenses in connection with a Secondary Market Transaction, including the costs associated with the delivery of any Provided Information or any opinion required in connection therewith, and all such costs shall be paid by the Funding Lender or the Servicer, and shall not materially modify Borrower's rights or obligations. Without limiting the generality of the foregoing, the Borrower shall, so long as the Borrower Loan is still outstanding:

(a) (i) provide such financial and other information with respect to the Borrower Loan, and with respect to the Project, the Borrower, the Manager, the contractor of the Project or the Borrower Controlling Entity, (ii) provide financial statements, audited, if available, relating to the Project with customary disclaimers for any forward looking statements or lack of audit, and (iii), at the expense of the Funding Lender or the Servicer, perform or permit or cause to be performed or permitted such site inspection, appraisals, surveys, market studies, environmental reviews and reports (Phase I's and, if appropriate, Phase II's), engineering reports and other due diligence investigations of the Project, as may be reasonably requested from time to time by the Funding Lender or the Servicer or the Rating Agencies or as may be necessary or appropriate in connection with a Secondary Market Transaction or Exchange Act requirements (the items provided to the Funding Lender or the Servicer pursuant to this paragraph (a) being called the "Provided Information"), together, if customary, with appropriate verification of and/or consents (including, without limitation, auditor consents) to include or incorporate by reference the Provided Information in an offering document or otherwise provide the Provided Information to investors and potential investors or opinions of counsel of independent attorneys acceptable to the Funding Lender or the Servicer and the Rating Agencies;

(b) make such representations and warranties as of the closing date of any Secondary Market Transaction with respect to the Project, the Borrower, the Borrower Loan Documents and the Funding Loan Documents reasonably acceptable to the Funding Lender or the Servicer, consistent with the facts covered by such representations and warranties as they exist on the date thereof; and

(c) execute such amendments to the Borrower Loan Documents and the Funding Loan Documents to accommodate such Secondary Market Transaction so long as such amendment does not affect the material economic terms of the Borrower Loan Documents and the Funding Loan Documents and is not otherwise adverse to the Borrower in its reasonable discretion.

Section 8.1.2 ***Use of Information***. The Borrower understands that certain of the Provided Information and the required records may be included in disclosure documents in connection with a Secondary Market Transaction, including a prospectus or private placement memorandum (each, a "Secondary Market Disclosure Document"), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies and service providers or other parties relating to the Secondary Market

Transaction. In the event that the Secondary Market Disclosure Document is required to be revised, the Borrower shall cooperate, subject to Section 8.1.1(c) hereof, with the Funding Lender and the Servicer in updating the Provided Information or required records for inclusion or summary in the Secondary Market Disclosure Document or for other use reasonably required in connection with a Secondary Market Transaction by providing all current information pertaining to the Borrower and the Project necessary to keep the Secondary Market Disclosure Document accurate and complete in all material respects with respect to such matters. The Borrower hereby consents to any and all such disclosures of such information.

Section 8.1.3 ***Borrower Obligations Regarding Secondary Market Disclosure Documents.*** In connection with a Secondary Market Disclosure Document, the Borrower shall provide, or in the case of a Borrower-engaged third party such as the Manager, cause it to provide, information reasonably requested by the Funding Lender pertaining to the Borrower, the Project or such third party (and portions of any other sections reasonably requested by the Funding Lender pertaining to the Borrower, the Project or the third party). The Borrower shall, if requested by the Funding Lender and the Servicer, certify in writing that the Borrower has carefully examined those portions of such Secondary Market Disclosure Document pertaining to the Borrower, the Project or the Manager, and such portions (and portions of any other sections reasonably requested and pertaining to the Borrower, the Project or the Manager) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided that the Borrower shall not be required to make any representations or warranties regarding any Provided Information obtained from a third party except with respect to information it provided to such parties. Furthermore, the Borrower hereby indemnifies the Funding Lender, the Governmental Lender and the Servicer for any Liabilities to which any such parties may become subject to the extent such Liabilities arise out of or are based upon the use of the Provided Information in a Secondary Market Disclosure Document.

Section 8.1.4 ***Borrower Indemnity Regarding Filings***. In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) indemnify Funding Lender, the Fiscal Agent, the Governmental Lender, the Servicer and the underwriter group for any securities (the "Underwriter Group") for any Liabilities to which Funding Lender, the Servicer, the Fiscal Agent, the Governmental Lender, the Servicer or the Underwriter Group may become subject insofar as the Liabilities arise out of or are based upon the omission or alleged omission to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in the light of the circumstances under which they were made not misleading and (ii) reimburse the Funding Lender, the Fiscal Agent, the Governmental Lender, the Servicer, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Funding Lender, the Fiscal Agent, the Governmental Lender, the Servicer or the Underwriter Group in connection with defending or investigating the Liabilities; provided that the Borrower shall not provide any indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such unrelated third parties.

Section 8.1.5 ***Indemnification Procedure***. Promptly after receipt by an indemnified party under Sections 8.1.3 and 8.1.4 hereof of notice of the commencement of any action for which a claim for indemnification is to be made against the Borrower, such indemnified party shall notify the Borrower in writing of such commencement, but the omission to so notify the Borrower will not relieve the Borrower from any liability that it may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the Borrower. In the event that any action is brought against any indemnified party, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by Written Notice delivered to the indemnified party promptly after receiving the aforesaid notice of commencement, to assume the defense thereof with counsel selected by the Borrower and reasonably satisfactory to such indemnified party in its sole discretion. After notice from the Borrower to such indemnified party under this Section 8.1.5, the Borrower shall not be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnified party shall settle or compromise any claim for which the Borrower may be liable hereunder without the prior Written Consent of the Borrower.

Section 8.1.6 ***Contribution***. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section 8.1.4 hereof is for any reason held to be unenforceable by an indemnified party in respect of any Liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under Section 8.1.4 hereof, the Borrower shall contribute to the amount paid or payable by the indemnified party as a result of such Liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 10(f) of the Securities Act) shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (a) the indemnified parties and the Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (b) the opportunity to correct and prevent any statement or omission; and (c) any other equitable considerations appropriate in the circumstances. The parties hereto hereby agree that it may not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Notices. All notices, consents, approvals and requests required or permitted hereunder or under any other Borrower Loan Document or Funding Loan Document (a "notice") shall be deemed to be given and made when delivered by hand, by recognized overnight delivery service, confirmed facsimile transmission (provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day), or five calendar

days after deposited in the United States mail, registered or certified, postage prepaid, with return receipt requested, addressed as follows:

If to the Borrower:	Avalon 1355 Partners, LP c/o JDF, LLC 777 West Putnam Avenue Greenwich, CT 06830 Attention: Joanne D. Flanagan, Esq. Telephone: (203) 869-0900 Facsimile: (203) 869-1034
And (which shall not constitute notice to Borrower):	Nelson Mullins Riley & Scarborough LLP 390 North Orange Avenue, Suite 1400 Orlando, FL 32801 Attention: David F. Leon, Esq.
with a copy to:	U.S.A. Institutional Tax Credit Fund CXLI L.P. c/o Richman Fund Manager 777 West Putnam Avenue Greenwich, CT 06830 Attention: Joanne D. Flanagan, Esq.
with a copy to:	JDF, LLC 777 West Putnam Avenue Greenwich, CT 06830 Attention: Joanne D. Flanagan, Esq. Email: flanaganj@jdflaw.com
If to Governmental Lender:	City of Los Angeles c/o Los Angeles Housing Department 8th Floor 1200 West 7th Street Los Angeles, CA 90017 Attention: Supervisor, Affordable Housing Bond Program HIMS# 20-127766 Facsimile: (213) 808-8918
with copies to:	Los Angeles Housing Department P.O. Box 532729 Los Angeles, CA 90053-2729 HIMS# 20-127766 Attention: Supervisor, Affordable Housing Bond Program

If to Fiscal Agent: U.S. Bank Trust Company, National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust
Ref: LA MF (Avalon 1355 2022A and 2023L)
Telephone: (213) 615-6024
Facsimile: (213) 615-6199

If to Funding Lender: Bank of America, N.A.
2000 Clayton Road, Bldg. D. 6th Floor
Concord, CA 94520
Mail Code: CA4-704-06-06
Attention: Loan Administration Manager
Facsimile: (206) 585-9277

If to the Funding Lender
Following the
Conversion Date: California Community Reinvestment Corporation
Suite 1000
100 West Broadway
Glendale, CA 91210
Attention: President

Any party may change such party's address for the notice or demands required under this Borrower Loan Agreement by providing Written Notice of such change of address to the other parties as provided herein.

Section 9.2. Brokers and Financial Advisors. The Borrower hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the Borrower Loan, other than those disclosed to the Funding Lender and whose fees shall be paid by the Borrower pursuant to separate agreements. The Borrower and the Funding Lender shall indemnify and hold the other harmless from and against any and all claims, liabilities, costs and expenses of any kind in any way relating to or arising from a claim by any Person that such Person acted on behalf of the indemnifying party in connection with the transactions contemplated herein. The provisions of this Section 9.2 shall survive the expiration and termination of this Borrower Loan Agreement and the repayment of the Borrower Payment Obligations.

Section 9.3. Survival. This Borrower Loan Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the Governmental Lender of the Borrower Loan and the execution and delivery to the Governmental Lender of the Borrower Note and the assignment by the Governmental Lender of the Borrower Note to the Fiscal Agent, and shall continue in full force and effect so long as all or any of the Borrower Payment Obligations is unpaid. All the Borrower's covenants and agreements in this Borrower Loan Agreement shall inure to the benefit of the

respective legal representatives, successors and assigns of the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer.

Section 9.4. Preferences. The Governmental Lender, acting solely at the direction of the Funding Lender, shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by the Borrower to any portion of the Borrower Payment Obligations. To the extent the Borrower makes a payment to the Governmental Lender, the Fiscal Agent or the Servicer, or the Governmental Lender, the Fiscal Agent or the Servicer receives proceeds of any collateral, which is in whole or part subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Borrower Payment Obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by the Governmental Lender or the Servicer.

Section 9.5. Waiver of Notice. The Borrower shall not be entitled to any notices of any nature whatsoever from the Funding Lender, the Fiscal Agent or the Servicer except with respect to matters for which this Borrower Loan Agreement or any other Funding Loan Document specifically and expressly provides for the giving of notice by the Funding Lender, the Fiscal Agent or the Servicer, as the case may be, to the Borrower and except with respect to matters for which the Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. The Borrower hereby expressly waives the right to receive any notice from the Funding Lender, the Fiscal Agent or the Servicer, as the case may be, with respect to any matter for which no Funding Loan Document specifically and expressly provides for the giving of notice by the Funding Lender, the Fiscal Agent or the Servicer to the Borrower.

Section 9.6. Offsets, Counterclaims and Defenses. The Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by the Funding Lender, the Fiscal Agent or the Servicer with respect to a Borrower Loan Payment. Any assignee of the Funding Lender's or the Fiscal Agent's interest in and to the Borrower Loan Documents or the Funding Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses that are unrelated to the Borrower Loan Documents or the Funding Loan Documents which the Borrower may otherwise have against any assignor of such documents, and no such unrelated offset, counterclaim or defense shall be interposed or asserted by the Borrower in any action or proceeding brought by any such assignee upon such documents, and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by the Borrower.

Section 9.7. Publicity. The Funding Lender and the Servicer (and any Affiliates of either party) shall have the right to issue press releases, advertisements and other promotional materials describing the Funding Lender's or the Servicer's participation in the making of the Borrower Loan or the Borrower Loan's inclusion in any Secondary Market Transaction effectuated by the Funding Lender or the Servicer or one of its or their Affiliates. All news releases, publicity or advertising by the Borrower or its Affiliates through any media intended to reach the general public, which refers to the Borrower Loan Documents, the Funding Loan Documents, the

Borrower Loan, the Funding Lender or the Servicer in a Secondary Market Transaction, shall be subject to the prior Written Consent of the Funding Lender or the Servicer, as applicable.

Section 9.8. Construction of Documents. The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Borrower Loan Documents and the Funding Loan Documents and that the Borrower Loan Documents and the Funding Loan Documents shall not be subject to the principle of construing their meaning against the party that drafted them.

Section 9.9. No Third-Party Beneficiaries. The Borrower Loan Documents and the Funding Loan Documents are solely for the benefit of the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer and the Borrower and, with respect to Sections 8.1.3 and 8.1.4 hereof, the Underwriter Group, and nothing contained in any Funding Loan Document shall be deemed to confer upon anyone other than the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer, and the Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 9.10. Assignment. The Borrower Loan, the Security Documents and the Funding Loan Documents and all of the Funding Lender's or the Fiscal Agent's rights, title, obligations and interests therein may, be assigned by the Funding Lender or the Fiscal Agent, as applicable, at any time in its sole discretion, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise, including an assignment by Bank of America, N.A. to CCRC on the Conversion Date, subject to the requirements of Section 2.4 of the Funding Loan Agreement. Upon such assignment, all references to the Funding Lender or the Fiscal Agent, as applicable, in this Borrower Loan Agreement and in any other Funding Loan Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of the Funding Lender or the Fiscal Agent, as applicable. The Borrower shall accord full recognition to any such assignment, and all rights and remedies of the Funding Lender or the Fiscal Agent, as applicable, in connection with the interest so assigned shall be as fully enforceable by such assignee as they were by the Funding Lender or the Fiscal Agent, as applicable, before such assignment. In connection with any proposed assignment, the Funding Lender or the Fiscal Agent, as applicable, may disclose to the proposed assignee any information that the Borrower has delivered, or caused to be delivered, to the Funding Lender or the Fiscal Agent, as applicable, with reference to the Borrower, the General Partner, the Guarantor or any Borrower Affiliate, or the Project, including information that the Borrower is required to deliver to the Funding Lender or the Fiscal Agent, as applicable, pursuant to this Borrower Loan Agreement, provided that such proposed assignee agrees to treat such information as confidential. The Borrower may not assign its rights, interests or obligations under this Borrower Loan Agreement or under any of the other Borrower Loan Documents or Funding Loan Documents, or the Borrower's interest in any moneys to be disbursed or advanced hereunder, except only as may be expressly permitted under the Borrower Loan Documents.

Section 9.11. Governmental Lender, Funding Lender, Fiscal Agent and Servicer Not in Control of the Borrower; No Partnership. None of the covenants or other provisions contained in this Borrower Loan Agreement shall, or shall be deemed to, give the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer the right or power to exercise control over the affairs or management of the Borrower, the power of the Governmental Lender, the

Funding Lender, the Fiscal Agent and the Servicer being limited to the rights to exercise the remedies referred to in the Borrower Loan Documents and the Funding Loan Documents. The relationship between the Borrower and the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Borrower Loan Documents or the Funding Loan Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between the Borrower and the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer or to create an equity interest in the Project in the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer. Neither the Governmental Lender, the Funding Lender, the Fiscal Agent nor the Servicer undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Project or the Borrower Loan, except as expressly provided in the Borrower Loan Documents or the Funding Loan Documents; and notwithstanding any other provision of the Borrower Loan Documents and the Funding Loan Documents: (1) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer are not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrower or its stockholders, members, or partners and the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer do not intend to ever assume such status; (2) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer shall in no event be liable for any Borrower Payment Obligations, expenses or losses incurred or sustained by the Borrower; and (3) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer shall not be deemed responsible for or a participant in any acts, omissions or decisions of the Borrower, the Borrower Controlling Entities or its stockholders, members, or partners. The Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer and the Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between the Governmental Lender, the Funding Lender, the Servicer, the Fiscal Agent and the Borrower, or to create an equity interest in the Project in the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer, or any sharing of liabilities, losses, costs or expenses.

Section 9.12. Release. The Borrower hereby acknowledges that it is executing this Borrower Loan Agreement and each of the Borrower Loan Documents and the Funding Loan Documents to which it is a party as its own voluntary act free from duress and undue influence.

Section 9.13. Term of the Borrower Loan Agreement. This Borrower Loan Agreement shall be in full force and effect until all Borrower Payment Obligations hereunder have been paid in full and the Borrower Loan and the Funding Loan have been paid and retired or the payment thereof has been provided for; except that on and after payment in full of the Borrower Note, this Borrower Loan Agreement shall be terminated, without further action by the parties hereto; provided, however, that the obligations of the Borrower under Sections 5.11 (Governmental Lender's Fees, Fiscal Agent's Fees and Funding Lender's Fees), 5.14 (Expenses), 5.15 (Indemnity), 8.1.3, 8.1.4, 8.1.5, 8.1.6 and 9.15 (Reimbursement of Expenses) hereof, as well as under Sections 2.25 and 6.15 of the Construction Disbursement Agreement and the indemnity provisions of Section 2.19 of the Construction Disbursement Agreement shall survive the termination of this Borrower Loan Agreement.

Section 9.14. Reimbursement of Expenses. If, upon or after the occurrence of any Event of Default or Potential Default, the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer shall employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein, the Borrower will on demand therefor reimburse the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer for fees of such attorneys and such other expenses so incurred.

The Borrower's obligation to pay the amounts required to be paid under this Section 9.14 shall be subordinate to its obligations to make payments under the Borrower Note.

Section 9.15. Permitted Contests. Notwithstanding anything to the contrary contained in this Borrower Loan Agreement, the Borrower shall have the right to contest or object in good faith to any claim, demand, levy or assessment (other than in respect of Debt or Contractual Obligations of the Borrower under any Borrower Loan Document or Related Document) by appropriate legal proceedings that are not prejudicial to the Governmental Lender's, the Funding Lender's, the Fiscal Agent's or the Servicer's rights, but this shall not be deemed or construed as in any way relieving, modifying or providing any extension of time with respect to the Borrower's covenant to pay and comply with any such claim, demand, levy or assessment, unless the Borrower shall have given prior Written Notice to the Governmental Lender and the Funding Lender of the Borrower's intent to so contest or object thereto, and unless (i) the Borrower has, in the Governmental Lender's and the Funding Lender's judgment, a reasonable basis for such contest, (ii) the Borrower pays when due any portion of the claim, demand, levy or assessment to which the Borrower does not object, (iii) the Borrower demonstrates to the Funding Lender's satisfaction that such legal proceedings shall conclusively operate to prevent enforcement prior to final determination of such proceedings, (iv) the Borrower furnishes such bond, surety, undertaking or other security in connection therewith as required by law, or as requested by and satisfactory to the Funding Lender, to stay such proceeding, which bond, surety, undertaking or other security shall be issued by a bonding company, insurer or surety company reasonably satisfactory to the Funding Lender and shall be sufficient to cause the claim, demand, levy or assessment to be insured against by the Title Company or removed as a lien against the Project, (v) the Borrower at all times prosecutes the contest with due diligence, and (vi) the Borrower pays, promptly following a determination of the amount of such claim, demand, levy or assessment due and owing by the Borrower, the amount so determined to be due and owing by the Borrower. In the event that the Borrower does not make, promptly following a nonappealable determination of the amount of such claim, demand, levy or assessment due and owing by the Borrower, any payment required to be made pursuant to clause (vi) of the preceding sentence, an Event of Default shall have occurred, and the Funding Lender may draw or realize upon any bond or other security delivered to the Funding Lender in connection with the contest by the Borrower, in order to make such payment.

Section 9.16. Funding Lender Approval of Instruments and Parties. All proceedings taken in accordance with transactions provided for herein, and all surveys, appraisals and documents required or contemplated by this Borrower Loan Agreement and the persons responsible for the execution and preparation thereof, shall be satisfactory to and subject to Written Approval by the Funding Lender. The Funding Lender's Written Approval of any matter in connection with the Project shall be for the sole purpose of protecting the security and rights of the Funding Lender. No such Written Approval shall result in a waiver of any default of the

Borrower. In no event shall the Funding Lender's Written Approval be a representation of any kind with regard to the matter being approved.

Section 9.17. Funding Lender Determination of Facts. The Funding Lender shall at all times be free to establish independently, to its reasonable satisfaction, the existence or nonexistence of any fact or facts, the existence or nonexistence of which is a condition of this Borrower Loan Agreement.

Section 9.18. Calendar Months. With respect to any payment or obligation that is due or required to be performed within a specified number of Calendar Months after a specified date, such payment or obligation shall become due on the day in the last of such specified number of Calendar Months that corresponds numerically to the date so specified; provided, however, that with respect to any obligation as to which such specified date is the 29th, 30th or 31st day of any Calendar Month: if the Calendar Month in which such payment or obligation would otherwise become due does not have a numerically corresponding date, such obligation shall become due on the first day of the next succeeding Calendar Month.

Section 9.19. Determinations by Governmental Lender and/or Funding Lender. Except to the extent expressly set forth in this Borrower Loan Agreement to the contrary, in any instance where the Written Consent or Written Approval of the Governmental Lender and the Funding Lender may be given or is required, or where any determination, judgment or decision is to be rendered by the Governmental Lender and the Funding Lender under this Borrower Loan Agreement, the granting, withholding or denial of such Written Consent or Written Approval and the rendering of such determination, judgment or decision shall be made or exercised by the Governmental Lender and the Funding Lender, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

Section 9.20. Governing Law. This Borrower Loan Agreement shall be governed by and enforced in accordance with the laws of the State, without giving effect to the choice of law principles of the State that would require the application of the laws of a jurisdiction other than the State.

Section 9.21. Consent to Jurisdiction and Venue. The Borrower agrees that any controversy arising under or in relation to this Borrower Loan Agreement or the Borrower Note shall be litigated exclusively in the State. The state and federal courts and authorities with jurisdiction in the State shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Borrower Loan Agreement. The Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit Beneficiary Parties' right to bring any suit, action or proceeding relating to matters arising under this Borrower Loan Agreement against the Borrower or any of the Borrower's assets in any court of any other jurisdiction.

Section 9.22. Successors and Assigns. This Borrower Loan Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives,

successors, successors-in-interest and assigns, as appropriate, of such parties. References to a "person" or "persons" shall be deemed to include individuals and entities. Notwithstanding the foregoing, in no event shall the Borrower have any right to assign all or any portion of its rights or obligations under this Borrower Loan Agreement or the other Borrower Loan Documents.

Section 9.23. Severability. The invalidity, illegality or unenforceability of any provision of this Borrower Loan Agreement shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

Section 9.24. Entire Agreement; Amendment and Waiver. This Borrower Loan Agreement contains the complete and entire understanding of the parties with respect to the matters covered. This Borrower Loan Agreement may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Borrower Loan Agreement shall be considered as a general waiver. Without limiting the generality of the foregoing, no Disbursement shall constitute a waiver of any conditions to the Governmental Lender's or the Funding Lender's obligation to make further Disbursements nor, in the event the Borrower is unable to satisfy any such conditions, shall any such waiver have the effect of precluding the Governmental Lender or the Funding Lender from thereafter declaring such inability to constitute a Potential Default or Event of Default under this Borrower Loan Agreement.

Section 9.25. Counterparts. This Borrower Loan Agreement may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

Section 9.26. Captions. The captions of the sections of this Borrower Loan Agreement are for convenience only and shall be disregarded in construing this Borrower Loan Agreement.

Section 9.27. Servicer. The Borrower hereby acknowledges and agrees that, pursuant to the terms of Section 8.23 of the Security Instrument: (a) from time to time, the Governmental Lender or the Funding Lender may appoint a servicer to collect payments, escrows and deposits, to give and to receive notices under the Borrower Note, this Borrower Loan Agreement or the other Funding Loan Documents, and to otherwise service the Borrower Loan and (b) unless the Borrower receives Written Notice from the Governmental Lender or the Funding Lender to the contrary, any action or right which shall or may be taken or exercised by the Governmental Lender or the Funding Lender may be taken or exercised by such servicer with the same force and effect.

Section 9.28. Beneficiary Parties as Third-Party Beneficiary. Each of the Beneficiary Parties shall be a third-party beneficiary of this Borrower Loan Agreement for all purposes.

Section 9.29. Waiver of Trial by Jury. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF THE BORROWER, THE FISCAL AGENT AND THE BENEFICIARY PARTIES OTHER THAN THE GOVERNMENTAL LENDER (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS BORROWER LOAN AGREEMENT OR THE RELATIONSHIP BETWEEN SUCH PARTIES THAT IS TRIABLE OF RIGHT BY A JURY

AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH SUCH PARTY OTHER THAN THE GOVERNMENTAL LENDER, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

IF FOR ANY REASON THIS WAIVER IS DETERMINED TO BE UNENFORCEABLE, ALL DISPUTES WILL BE RESOLVED BY JUDICIAL REFERENCE PURSUANT TO THE PROCEDURES SET FORTH IN THE CONSTRUCTION DISBURSEMENT AGREEMENT.

Section 9.30. Time of the Essence. Time is of the essence with respect to this Borrower Loan Agreement.

Section 9.31. Reference Date. This Borrower Loan Agreement is dated for reference purposes only as of the first day of [_____], 2023, and will not be effective and binding on the parties hereto unless and until the Closing Date occurs.

Section 9.32. Electronic Communications.

(a) Electronic Transmission of Data. The Governmental Lender, the Fiscal Agent and the Borrower agree that certain data related to the Borrower Loan and/or the Funding Loan (including confidential information, documents, applications and reports) may be transmitted electronically, including transmission over the Internet. This data may be transmitted to, received from or circulated among agents and representatives of the Borrower, the Governmental Lender, the Funding Lender and/or the Fiscal Agent and its or their respective affiliates and other Persons involved with the subject matter of this Agreement and/or any of the other Funding Loan Documents.

(b) Borrower Controlled Websites. The Borrower may elect to deliver documentation required pursuant to this Agreement and/or any of the other Funding Loan Documents electronically, and if so delivered, such documentation shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on the Borrower's signature page to this Agreement; or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which the Governmental Lender, the Funding Lender and the Fiscal Agent have access (whether a commercial, third-party website or whether sponsored by the Governmental Lender, the Funding Lender and/or the Fiscal Agent); provided that: (i) the Borrower shall deliver paper copies of such documents to the Governmental Lender, the Funding Lender and the Fiscal Agent upon its or their request to the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Governmental Lender, the Funding Lender and/or the Fiscal Agent, and (ii) the Borrower shall notify the Governmental Lender, the Funding Lender and the Fiscal Agent (by facsimile or electronic mail) of the posting of any such documents and provide to the Governmental Lender, the Funding Lender and the Fiscal Agent by electronic mail electronic versions (i.e., soft copies) of such documents. The Borrower agrees that in the event that the Borrower would like to update or revise a document previously posted to the Borrower controlled website,

the Borrower shall notify the Governmental Lender, the Funding Lender and the Fiscal Agent (by facsimile or electronic mail) that such document has been revised and an updated version has been posted.

(c) Assumption of Risks; Indemnification. The Borrower acknowledges and agrees that (i) there are risks associated with the use of electronic transmission and the Borrower controlled websites and that the Governmental Lender, the Funding Lender and/or the Fiscal Agent does not control the method of transmittal, the service providers or the operational or technical issues that could occur; (ii) none of the Governmental Lender, the Funding Lender nor the Funding Agent has any obligation or responsibility whatsoever and assumes no duty or obligation for the security, receipt or third party interception of any such electronic transmission of data or the Borrower controlled website, or any operational or technical issues that may occur with the electronic transmission of data or the Borrower controlled website; and (iii) the Borrower will release, hold harmless and indemnify the Governmental Lender, the Funding Lender and the Fiscal Agent from any claim, damage or loss, including that arising in whole or part from the Governmental Lender's, the Funding Lender's and the Fiscal Agent's strict liability or sole, comparative or contributory negligence, which is related to the electronic transmission of data or the Borrower controlled website.

Section 9.33. Cure of Events of Default. Notwithstanding the fact that a curable default by the Borrower under the Borrower Loan Documents does not become an "Event of Default" until the applicable cure period, if any, has elapsed, various provisions of the Borrower Loan Documents include the phrase, "upon the occurrence and during the continuance of an Event of Default," or otherwise imply that Events of Default may be cured. No such provision shall be construed to give the Borrower any right to cure any Event of Default. Notwithstanding the fact that the Borrower Loan Documents do not permit the Borrower to cure any Event of Default, however, any Event of Default shall be deemed cured in the event that (a) the Funding Lender, in its sole and absolute discretion, and without any obligation to do so, elects to accept a cure and acknowledges to the Borrower in writing that such Event of Default shall be deemed fully cured, or (b) any applicable law provides the Borrower with an absolute right (which by law may neither be waived by the Borrower nor conditioned upon the Lender's consent) to cure such Event of Default and the Borrower timely performs all actions required by law to effect such cure.

Section 9.34. Business Tax Registration Certificate. Subject to any exemptions available to it, the Borrower 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 Borrower Loan Agreement, the Borrower shall maintain, or obtain as necessary, any such Business Tax Registration Certificate(s) required of it under said Ordinance and shall not allow any such Business Tax Registration Certificate(s) to be revoked or suspended.

Section 9.35. Child Support Assignment Orders. This Borrower Loan Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, the Borrower certifies that it will (a) fully comply with all State and federal employment reporting requirements applicable to Child Support Assignment Orders; (b) that the principal partners(s) of the Borrower are in compliance with any

Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (c) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (d) maintain such compliance throughout the term of this Borrower 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 Borrower 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 Borrower 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.

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

Section 9.36. Americans with Disabilities Act. The Borrower hereby certifies that it and any contractor and subcontractor will comply with the Accessibility Laws (as defined in Exhibit I of the Regulatory Agreement). The Borrower and any contractor and subcontractor will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services, and activities in accordance with the applicable provisions of: (i) 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; (ii) Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, the implementing regulations at 24 C.F.R. Part 8, as well as the requirements of Uniform Federal Accessibility Standards 24 C.F.R § 40, Appendix A; (iii) the Fair Housing Act, 42 U.S.C. §§ 3601-3620; 24 C.F.R. Parts 100, 103, and 104, and its implementing regulations; and (iv) applicable California building codes. The Borrower and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any contract and subcontract entered into by the Borrower, relating to this Borrower Loan Agreement and the Project, to the extent allowed hereunder, shall be subject to the provisions of this Section.

Section 9.37. Nondiscrimination and Affirmative Action. The Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. The Borrower shall not discriminate in its employment practices against any employee or applicant for employment;

denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Borrower shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). The Borrower shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Borrower shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Borrower shall also comply with all rules, regulations, and policies of the City's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the City. Any subcontract entered into by the Borrower relating to this Borrower 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 Borrower Loan Agreement. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

Section 9.38. Disclosure of Border Wall Contracting Ordinance. The Borrower shall comply with Los Angeles Administrative Code Section 10.50 et seq., "Disclosure of Border Wall Contracting". The Governmental Lender may declare a default under this Borrower Loan Agreement if the Governmental Lender determines that the Borrower failed to fully and accurately complete the required affidavit and disclose all Border Wall Bids and Border Wall Contracts, as defined in Los Angeles Administrative Code Section 10.50.1.

Section 9.39. Pet Ownership in Publicly-Financed Housing Developments. The Borrower shall comply with the Pet Ownership in Publicly-Financed Housing Developments Ordinance, Los Angles Municipal Code Sections 51.20., et seq., as amended from time to time.

ARTICLE X

LIMITATIONS ON LIABILITY

Section 10.1. Limitation on Liability. Notwithstanding anything to the contrary herein, the liability of the Borrower hereunder and under the other Borrower Loan Documents and the Funding Loan Documents shall be limited to the extent set forth in the Borrower Note.

Section 10.2. Limitation on Liability of Governmental Lender. The Governmental Lender shall not be obligated to pay the principal (or prepayment amount) of or interest on the Funding Loan, except from moneys and assets received by the Fiscal Agent or the Funding Lender on behalf of the Governmental Lender pursuant to this Borrower Loan Agreement. Any obligation

or liability of the Governmental Lender created by or arising out of this Borrower Loan Agreement (including, without limitation, any liability created by or arising out of the representations, warranties or covenants set forth herein or otherwise) shall not impose a debt or pecuniary liability upon the Governmental Lender or a charge upon its general credit, but shall be payable solely out of the moneys due and to become due under the Funding Loan Documents (and not from any moneys due or to become due to the Governmental Lender pursuant to the Unassigned Rights). Neither the issuance of the Funding Loan nor the delivery of this Borrower Loan Agreement shall, directly or indirectly or contingently, obligate the Governmental Lender to make any appropriation for payment of the Funding Loan. No agreements or provisions contained in this Borrower Loan Agreement, the Funding Loan Agreement, any other Funding Loan Document, nor any agreement, covenant or undertaking by the Governmental Lender contained in any document executed by the Governmental Lender in connection with the Project or the issuance, sale and delivery of the Governmental Lender Note shall give rise to any pecuniary liability of the Governmental Lender or a charge against its general credit or taxing powers, or shall obligate the Governmental Lender financially in any way. Nothing in the Funding Loan or this Borrower Loan Agreement or the proceedings of the Governmental Lender authorizing the Funding Loan or in the Act or the Law or in any other related document shall be construed to authorize the Governmental Lender to create a debt of the Governmental Lender within the meaning of any constitutional or statutory provision of the State. No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee or agent of the Governmental Lender in his or her individual capacity, and neither any employee or officer of the Governmental Lender nor any officer thereof executing the Governmental Lender Note shall be liable personally on the Governmental Lender Note or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee or agent of the Governmental Lender shall incur any personal liability with respect to any other action taken by him or her pursuant to this Borrower Loan Agreement, the Funding Loan Agreement, the Act or the Law, provided such director, officer, employee or agent acts in good faith. No agreements or provisions contained in this Borrower Loan Agreement nor any agreement, covenant or undertaking by the Governmental Lender contained in any document executed by the Governmental Lender in connection with the Project or the issuance and delivery of the Governmental Lender Note shall give rise to any pecuniary liability of the Governmental Lender or a charge against its general credit or taxing powers, or shall obligate the Governmental Lender financially in any way. No breach of any pledge, obligation or agreement of the Governmental Lender hereunder may impose any pecuniary liability upon the Governmental Lender or any charge upon its general credit. The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Borrower Loan Agreement, the Funding Loan or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from the Borrower under this Borrower Loan Agreement.

The Borrower hereby acknowledges that the Governmental Lender's sole source of moneys to repay the Funding Loan will be provided by the payments made by the Borrower pursuant to this Borrower Loan Agreement and the Borrower Note, together with investment income on certain funds and accounts held by the Fiscal Agent under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or prepayment amount) of and interest on the Funding Loan as the same shall become due (whether by maturity, prepayment, acceleration or otherwise), then upon notice from the Fiscal

Agent, the Funding Lender or the Servicer, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or prepayment amount) of or interest on the Funding Loan, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Fiscal Agent, the Funding Lender, the Borrower, the Governmental Lender or any third party, subject to any right of reimbursement from the Fiscal Agent, the Funding Lender, the Governmental Lender or any such third party, as the case may be, therefor, but solely, in the case of the Governmental Lender, from the Pledged Revenues.

THE FUNDING LOAN IS ORIGINATED 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 THE FUNDING LOAN, SHALL BE LIABLE PERSONALLY ON THE FUNDING LOAN OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF ITS ISSUANCE.

THE FUNDING LOAN AND THE GOVERNMENTAL LENDER NOTE ARE NOT OBLIGATIONS, EITHER GENERAL OR SPECIAL, AND DO NOT CONSTITUTE A PLEDGE OF THE GENERAL CREDIT OR TAXING POWER, OF THE CITY OF LOS ANGELES (THE "CITY"), THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF, BUT ARE PAYABLE SOLELY FROM THE PROJECT REVENUES AND PROPERTY ASSETS OF THE GOVERNMENTAL LENDER PLEDGED THEREFOR IN THE FUNDING LOAN AGREEMENT AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE CITY. NEITHER THE CITY, THE STATE NOR ANY SUCH POLITICAL CORPORATION OR SUBDIVISION THEREOF SHALL BE LIABLE THEREON. 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 CITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE FUNDING LOAN AND THE GOVERNMENTAL LENDER NOTE OR OTHER COSTS INCIDENT THERETO. THE FUNDING LOAN AND GOVERNMENTAL LENDER NOTE ARE NOT DEBTS OF THE UNITED STATES OF AMERICA.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Funding Loan or any other Borrower Loan Document, any Funding Loan Document or any instrument or document executed and delivered by or on behalf of the Governmental Lender in connection with the transactions contemplated hereby, against the Governmental Lender o any officer board member, employee or agent, past, present or future, of the Governmental Lender or any successor body, as such, either directly or through the Governmental Lender or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise and all such liability of the Governmental Lender or any such officer, board member, employee or agent, past, present or future as such is hereby, expressly waived and released as a condition of and consideration for the adoption of the resolution authorizing the execution of the Funding Loan

Documents and the issuance of the Governmental Lender Note and the delivery of other documents in connection herewith. No officer, board member, employee or agent, past, present or future, of the Governmental Lender or any successor body shall be personally liable on the Funding Loan Documents, the Governmental Lender Note or any other documents in connection herewith, nor shall the issuance of the Governmental Lender Note be considered as misfeasance or malfeasance in office. The Funding Loan, the Governmental Lender Note and the undertakings of the Governmental Lender under the Funding Loan Documents do not constitute a pledge of the general credit or taxing power of the Governmental Lender, the State or any political subdivision thereof, do not evidence and shall never constitute a debt of the State or any political subdivision thereof and shall never constitute nor give rise to a pecuniary liability of the State or any political subdivision thereof.

It is recognized that notwithstanding any other provision of this Borrower Loan Agreement, neither the Borrower, the Funding Lender nor the Fiscal Agent shall look to the members of the Governmental Lender's City Council or its officers, program participants, attorneys, accountants, financial advisors, agents or staff, past, present or future, for damages suffered by the Borrower, the holders or such Fiscal Agent as a result of the failure of the Governmental Lender to perform any covenant, undertaking or obligation under this Borrower Loan Agreement, the Funding Loan, the Regulatory Agreement, any of the other Funding Loan Documents or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Governmental Lender in any of such documents, nor for any other reason except for representations made by the Governmental Lender in any certificate of the Governmental Lender and the opinion of counsel to the Governmental Lender delivered on the date of origination of the Funding Loan. Although this Borrower Loan Agreement recognizes that such documents shall not give rise to any pecuniary liability of the Governmental Lender, nothing contained in this Borrower Loan Agreement shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Governmental Lender) in any court or before any governmental body, agency or instrumentality or otherwise against the Governmental Lender or any of its officers or employees to enforce the provisions of any of such documents which the Governmental Lender is obligated to perform and the performance of which the Governmental Lender has not assigned to the Fiscal Agent, the Funding Lender or any other person.

Anything in the Funding Loan Agreement to the contrary notwithstanding, it is expressly understood by the parties to this Borrower Loan Agreement that (a) the Governmental Lender may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Governmental Lender by the Fiscal Agent, the Borrower or the Funding Lender as to the existence of any fact or state of affairs, (b) the Governmental Lender shall not be under any obligation under the Funding Loan Agreement or this Borrower Loan Agreement to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Fiscal Agent or the Funding Lender and (c) none of the provisions of the Funding Loan Agreement, this Borrower Loan Agreement, the Regulatory Agreement or any Funding Loan Document shall require the Governmental Lender to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under the Funding Loan Agreement, this Borrower Loan Agreement, the Regulatory Agreement and any Funding Loan Document unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which

it may incur as a result of taking such action. It is recognized that notwithstanding any other provision of this Borrower Loan Agreement, neither the Borrower nor the Funding Lender shall look to the Governmental Lender or the members of its City Council, officers, program participants, attorneys, accountants, financial advisors, agents or staff for damages suffered by the Borrower or Funding Lender as a result of the failure of the Governmental Lender to perform any covenant, undertaking or obligation under this Borrower Loan Agreement, the Governmental Lender Note, the Regulatory Agreement, any of the Funding Loan Documents or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Governmental Lender in any of such documents, nor for any other reason except for representations made by the Governmental Lender in the Funding Loan Agreement, this Borrower Loan Agreement and any certificate of the Governmental Lender and the opinion of counsel to the Governmental Lender delivered on the Closing Date.

Section 10.3. Waiver of Personal Liability. No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee, attorney or agent of Governmental Lender in his or her individual capacity, and neither any employee, attorney or officer of the Governmental Lender nor any officer thereof executing the Governmental Lender Note shall be liable personally on the Governmental Lender Note or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee, attorney or agent of the Governmental Lender shall incur any personal liability with respect to any other action taken by him or her pursuant to this Borrower Loan Agreement or the Act, provided such director, officer, employee, attorney or agent acts in good faith. No agreements or provisions contained in this Borrower Loan Agreement nor any agreement, covenant or undertaking by Governmental Lender contained in any document executed by the Governmental Lender in connection with the Project or the issuance, sale and delivery of the Governmental Lender Note shall give rise to any pecuniary liability of Governmental Lender or a charge against its general credit or taxing powers, or shall obligate Governmental Lender financially in any way.

Section 10.4. Limitation on Liability of Governmental Lender's and Funding Lender's Commissioners, Officers, Employees, Etc.

(a) The Borrower assumes all risks of the acts or omissions of the Governmental Lender, the Fiscal Agent and the Funding Lender, provided, however, this assumption is not intended to, and shall not, preclude the Borrower from pursuing such rights and remedies as it may have against the Governmental Lender, the Fiscal Agent and the Funding Lender at law or under any other agreement. None of Governmental Lender, the Fiscal Agent or the Funding Lender, nor the other Beneficiary Parties or their respective commissioners, officers, directors, employees or agents shall be liable or responsible for (i) for any acts or omissions of the Governmental Lender, the Fiscal Agent and the Funding Lender, other than acts or omissions resulting from the gross negligence or the willful misconduct of the Funding Lender or Fiscal Agent or the active negligence or willful misconduct of the Governmental Lender; or (ii) the validity, sufficiency or genuineness of any documents, or endorsements, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged. In furtherance and not in limitation of the foregoing, the Governmental Lender, the Fiscal Agent and the Funding Lender may accept documents that appear on their face to be in order, without

responsibility for further investigation, regardless of any notice or information to the contrary, unless acceptance in light of such notice or information constitutes gross negligence or willful misconduct on the part of the Funding Lender or Fiscal Agent or active negligence or willful misconduct on the part of the Governmental Lender.

(b) None of the Governmental Lender, the Fiscal Agent, the Funding Lender, the other Beneficiary Parties or any of their respective commissioners, officers, directors, employees or agents shall be liable to any contractor, subcontractor, supplier, laborer, architect, engineer or any other party for services performed or materials supplied in connection with the Project. The Governmental Lender, the Fiscal Agent and the Funding Lender shall not be liable for any debts or claims accruing in favor of any such parties against the Borrower or others or against the Project. The Borrower is not and shall not be an agent of the Governmental Lender, the Fiscal Agent and the Funding Lender for any purpose. None of the Governmental Lender, the Fiscal Agent or the Funding Lender is a joint venture partner with the Borrower or each other in any manner whatsoever. Prior to default by the Borrower under this Borrower Loan Agreement and the exercise of remedies granted herein, the Governmental Lender, the Fiscal Agent and the Funding Lender shall not be deemed to be in privity of contract with any contractor or provider of services to the Project, nor shall any payment of funds directly to a contractor, subcontractor or provider of services be deemed to create any third-party beneficiary status or recognition of same by the Governmental Lender, the Fiscal Agent and the Funding Lender. Written Approvals granted by the Governmental Lender, the Fiscal Agent and the Funding Lender for any matters covered under this Borrower Loan Agreement shall be narrowly construed to cover only the parties and facts identified in any Written Approval or, if not in writing, such approvals shall be solely for the benefit of the Borrower.

(c) Any obligation or liability whatsoever of the Governmental Lender, the Fiscal Agent and the Funding Lender that may arise at any time under this Borrower Loan Agreement or any other Borrower Loan Document shall be satisfied, if at all, out of the Funding Lender's assets only. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the Project or any of the Governmental Lender's, the Fiscal Agent's or the Funding Lender's shareholders (if any), directors, commissioners, officers, employees or agents, past, present or future, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

Section 10.5. Delivery of Reports, Etc. The delivery of reports, information and documents to the Governmental Lender, the Fiscal Agent and the Funding Lender as provided herein is for informational purposes only and the Governmental Lender's, the Fiscal Agent's and the Funding Lender's receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. The Governmental Lender, the Fiscal Agent and the Funding Lender shall have no duties or responsibilities except those that are specifically set forth herein, and no other duties or obligations shall be implied in this Borrower Loan Agreement against the Governmental Lender, the Fiscal Agent and the Funding Lender.

[Remainder of Page Intentionally Left Blank]

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

BORROWER:

AVALON 1355 PARTNERS, LP, a Delaware limited partnership

By: Avalon 1355 BC, LLC, a California limited liability company, its managing general partner

By: Brilliant Corners, a California nonprofit public benefit corporation, its sole member

By:_____
Name: William F. Pickel
Title: Chief Executive Officer

By: Avalon 1355 GP, LLC, a Delaware limited liability company, its administrative general partner

By: TRG Avalon 1355 Member, LLC, a Delaware limited liability company, its sole member and manager

By:_____
Name: Rick Westberg
Title: Executive Vice President

GOVERNMENTAL LENDER:

CITY OF LOS ANGELES, as the Governmental Lender

By: Los Angeles Housing Department

By: _____
Name: Daniel Huynh
Title: Assistant General Manager

Approved as to form:

HYDEE FELDSTEIN SOTO, City Attorney:

By: _____
Deputy/Assistant City Attorney

Agreed to and Acknowledged by:

FUNDING LENDER:

BANK OF AMERICA, N.A.

By:_____
Name: Michael K. Petty
Title: Senior Vice President

Agreed to and Acknowledged by:

FISCAL AGENT:

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION

By:_____
Name: Julia Hommel
Title: Vice President

FUNDING LOAN AGREEMENT

By and among

BANK OF AMERICA, N.A.,
as Funding Lender

CITY OF LOS ANGELES,
as Governmental Lender

and

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

Dated as of [_____] 1, 2023

Relating to:

$[1,567,357]
City of Los Angeles
Multifamily Mortgage Revenue Note
(Avalon 1355 Apartments)
Series 2023L

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FUNDING LOAN AGREEMENT

THIS FUNDING LOAN AGREEMENT, dated as of [_____] 1, 2023 (this "Funding Loan Agreement"), is entered into by **BANK OF AMERICA, N.A.**, a national banking association (together with any successor hereunder, the "Funding Lender"), the **CITY OF LOS ANGELES**, a charter city and municipal corporation of the State of California (together with its successors and assigns, the "Governmental Lender"), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as fiscal agent (together with any successor fiscal agent hereunder, the "Fiscal Agent").

RECITALS:

WHEREAS, pursuant to Section 248 of the City Charter of the City of Los Angeles and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (collectively, the "Law"), and in accordance with Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) 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, 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, Avalon 1355 Partners, LP, a Delaware limited partnership (together with its successors and assigns, the "Borrower"), has requested the Governmental Lender to enter into this Funding Loan Agreement under which (i) the Funding Lender will advance funds (the "Funding Loan") to or for the account of the Governmental Lender, and (ii) the Governmental Lender will apply the proceeds of the Funding Loan to make a loan (the "Borrower Loan") to the Borrower to finance the acquisition, construction and equipping of a multifamily rental housing development located at 1355 North Avalon Boulevard (formerly known as 1335-1359 North Avalon Boulevard), Los Angeles, California, known as Avalon 1355 (the "Project"); and

WHEREAS, simultaneously with the delivery of this Funding Loan Agreement, the Governmental Lender, the Fiscal Agent, the Funding Lender and the Borrower will enter into a Borrower Loan Agreement of even date herewith (as it may be supplemented or amended, the "Borrower Loan Agreement"), whereby the Governmental Lender agrees to make the Borrower Loan to the Borrower and the Borrower agrees to make loan payments to the Governmental Lender in an amount which, when added to other funds available under this Funding Loan Agreement,

will be sufficient to enable the Governmental Lender to repay the Funding Loan and to pay all costs and expenses related thereto when due; and

WHEREAS, to evidence its payment obligations under the Borrower Loan Agreement, the Borrower will execute and deliver to the Governmental Lender its Promissory Note (Construction to Permanent) dated [_____] 1, 2023 (the "Borrower Note"), and the obligations of the Borrower under the Borrower Note will be secured by a lien on and security interest in the Project pursuant to that certain Amended and Restated Construction and Permanent Deed of Trust, with Assignment of Rents, Security Agreement, and Fixture Filing (as it may be supplemented or amended, the "Security Instrument"), dated as of February 1, 2022, as amended made by the Borrower for the benefit of the Governmental Lender, as assigned to the Fiscal Agent to secure, among other things, the performance by the Governmental Lender of its obligations under this Funding Loan Agreement;

WHEREAS, the Governmental Lender has executed and delivered to the Funding Lender its Multifamily Mortgage Revenue Note (Avalon 1355 Apartments) Series 2023L (the "Governmental Lender Note") dated [_____], 2023, evidencing its limited obligation to make the payments due to the Funding Lender under the Funding Loan as provided in this Funding Loan Agreement, and all things necessary to make this Funding Loan Agreement the valid, binding and legal limited obligation of the Governmental Lender have been done and performed and the execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Lender Note, subject to the terms hereof, have in all respects been duly authorized; and

WHEREAS, pursuant to that certain Loan Purchase Agreement dated as of February 1, 2022 (as more particularly defined herein, the "Loan Purchase Agreement"), by and among the Borrower, the Funding Lender, and California Community Reinvestment Corporation, a California nonprofit public benefit corporation, as permanent lender ("CCRC"), CCRC [may agree pursuant to an amendment to such Loan Purchase Agreement], [has agreed], subject to the satisfaction of the terms and conditions set forth therein, to purchase up to $[1,268,178] in principal amount of the Funding Loan from the Funding Lender, and thereafter for all purposes of this Funding Loan Agreement, CCRC shall become the Funding Lender. In connection therewith, the Funding Lender shall assign to CCRC as of the Conversion Date its rights, interests and obligations under this Funding Loan Agreement, the Governmental Lender Note, the Borrower Loan Agreement, the Borrower Note, the Security Instrument and certain other documents executed in connection with the Borrower Loan.

NOW, THEREFORE, THIS FUNDING LOAN AGREEMENT WITNESSETH:

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

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

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

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

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

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

(d) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with GAAP.

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

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

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

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

"*2022 Governmental Lender Note*" shall mean the Governmental Lender's Multifamily Mortgage Revenue Note (Avalon 1355 Apartments) Series 2022A.

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

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

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

"*Approved Transferee*" means, (a) from and after the Closing Date, (i) a "qualified institutional buyer" ("QIB") as defined in Rule 144A promulgated under the Securities Act that is a financial institution or commercial bank having capital and surplus of $5,000,000,000 or more, (ii) an Affiliate of the Funding Lender, (iii) a trust or custodial arrangement established by the Funding Lender or one of its Affiliates, in each case, the Funding Lender or an Affiliate thereof, as transferor represents in writing to the Fiscal Agent that either (A) all of the beneficial owners of such trust or custodial arrangement are QIBs or (B) all of the interests in such trust or custodial arrangement (other than residual interests retained by QIBs) are rated in the "A" category or higher by a Rating Agency; provided, however, that a single QIB shall at all times hold a controlling interest in the residual interests and such trust or arrangement shall be controlled by the Funding Lender or an Affiliate thereof, (iv) Fannie Mae, Freddie Mac, or another government sponsored enterprise which is also a QIB or an institutional accredited investor, as defined in Rule 501 promulgated under the Securities Act (an "Accredited Investor"), (v) CCRC or (vi) a nonprofit corporation or nonprofit organization, all of the shareholders in which, or members thereof, are QIBs, and which invests in obligations of the same type as the Governmental Lender Note as a principal aspect of its business; and (b) from and after the Conversion Date (i) the entities described in subsection (a) of this definition of "Approved Transferee," (ii) a QIB having capital and surplus of $1,000,000,000 or more, (iii) a limited partnership or limited liability company or other entity in which CCRC or an Affiliate of CCRC is the sole managing general partner, managing member or manager in which all other partners or members, as applicable, are banks, insurance companies or other financial institutions (or wholly controlled Affiliates thereof) which are also QIBs, (iv) any fund established and managed by CCRC or by a limited liability company in which CCRC is the sole member and in which all investors or funders are banks, insurance companies or other financial institutions (or Affiliates thereof) which are QIBs, or (v) a commercial bank that is a member of CCRC.

"*Authorized Amount*" shall mean $[1,567,357], the maximum principal amount of the Funding Loan authorized under this Funding Loan Agreement.

"*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 Borrower Representative*" means William F. Pickel, Chief Executive Officer of Brilliant Corners, Rick Westberg, Executive Vice President of TRG Avalon 1355 Member, LLC, and such other persons authorized in writing to act on behalf of the Borrower in a certificate signed by an Authorized Borrower Representative.

"*Authorized Governmental Lender Representative*" shall mean the Mayor, the General Manager, any Interim General Manager, any Acting General Manager, any Assistant General Manager, any Acting Assistant General Manager or Interim Assistant General Manager, Executive

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

"*Borrower*" shall mean Avalon 1355 Partners, LP, a Delaware limited partnership, and its permitted successors and assigns under the Borrower Loan Agreement, the Security Instrument and the Regulatory Agreement, as owner of the Project.

"*Borrower Equity Account*" shall mean the Borrower Equity Account of the Project Fund established under Section 7.3.

"*Borrower Loan*" shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to the Borrower Loan Agreement in the maximum aggregate principal amount of the Borrower Loan Amount, as evidenced by the Borrower Note. For clarity, the Borrower Loan is sometimes also referred to as the "Project Loan" in the Construction Disbursement Agreement and the other Borrower Loan Documents.

"*Borrower Loan Agreement*" shall mean the Borrower Loan Agreement, dated of even date herewith, among the Governmental Lender, the Funding Lender, the Fiscal Agent and the Borrower, as supplemented, amended or replaced from time to time in accordance with its terms.

"*Borrower Loan Agreement Default*" shall mean any "Event of Default" set forth in Section 7.1 of the Borrower Loan Agreement. A Borrower Loan Agreement Default shall exist if a Borrower Loan Agreement Default shall have occurred and be continuing beyond all applicable notice, grace and cure periods.

"*Borrower Loan Amount*" shall mean the amount of $[1,567,357].

"*Borrower Loan Documents*" shall have the meaning given such term in the Borrower Loan Agreement.

"*Borrower Loan Payments*" shall mean the monthly payments payable pursuant to the Borrower Note.

"*Borrower Note*" shall have the meaning given such term in the Borrower Loan Agreement.

"*Borrower Required Equity*" shall have the meaning given such term in the Borrower Loan Agreement.

"*Business Day*" shall mean any day other than (i) a Saturday or a Sunday, (ii) a day on which federally insured depository institutions in the State or in New York, New York are authorized or obligated by law, regulation, governmental decree or executive order to be closed, or (iii) a State holiday when the Governmental Lender is authorized or obligated to be closed.

"*Capitalized Interest Account*" means the Capitalized Interest Account of the Project Fund established under Section 7.3 hereof.

"*CCRC*" shall mean the California Community Reinvestment Corporation, a California nonprofit public benefit corporation, and its successors and assigns.

"*City*" shall mean the City of Los Angeles, California.

"*Closing Costs Fund*" shall mean the fund of that name established under Section 7.3(d) hereof.

"*Closing Date*" shall mean [_____], 2023, the date that initial Funding Loan proceeds are disbursed hereunder.

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

"*Completion Deadline*" shall have the meaning given such term in the Construction Disbursement Agreement.

"*Construction Disbursement Agreement*" means that certain [Amended and Restated][Construction Disbursement Agreement dated as of [February 1, 2022][_____ 1, 2023], between the Initial Funding Lender, in its capacity as Servicer and the Borrower, pursuant to which the Borrower Loan will be advanced by the Funding Lender (or the Servicer on its behalf), as agent, solely for the purpose of disbursing the Borrower Loan for the Governmental Lender to the Fiscal Agent for disbursement to the Borrower and setting forth certain provisions relating to disbursement of the Borrower Loan during construction, insurance and other matters, as such agreement may be amended, modified, supplemented and replaced from time to time.

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

"*Conversion*" shall have the meaning contained in the Loan Purchase Agreement.

"*Conversion Conditions*" shall have the meaning given such term in the Loan Purchase Agreement.

"*Conversion Date*" shall have the meaning given such term in the Loan Purchase Agreement.

"*Costs of Funding*" shall have the meaning given such term in the Borrower Loan Agreement.

"*Costs of Funding Deposit*" shall have the meaning given such term in the Borrower Loan Agreement.

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

"*Draw Down Notice*" shall mean a notice described in Section 2.1 hereof regarding the conversion of the Funding Loan from a draw down loan to a fully funded loan.

"*Equity Contributions*" shall have the meaning given such term in the Borrower Loan Agreement.

"*Event of Default*" shall have the meaning ascribed thereto in Article IX hereof.

"*Expense Fund*" shall mean the fund of that name established under Section 7.3(c) hereof.

"*Fiscal Agent*" shall mean U.S. Bank Trust Company, National Association, as fiscal agent hereunder, and any successor fiscal agent or co-fiscal agent appointed under this Funding Loan Agreement.

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

(a) the annual administration fees of the Fiscal Agent, for the ordinary services of the Fiscal Agent rendered under this Funding Loan Agreement during each twelve-month period and shall be equal to [_____]% of: (i) prior to the Conversion Date, the maximum principal amount of the Governmental Lender Note issuable hereunder and (ii) following the Conversion Date, the outstanding principal amount of the Governmental Lender Note, with a minimum annual amount of $[____], payable annually in advance on the Closing Date and each February 1;

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

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

"*Fitch*" shall mean Fitch, Inc., or its successor.

"*Funding Lender*" shall mean initially Bank of America N.A., a national banking association; provided, however, that upon any purchase by CCRC of the Funding Loan on the Conversion Date pursuant to the terms and conditions of the Loan Purchase Agreement, CCRC shall be the Funding Lender for all purposes under the Funding Loan Documents and each of their respective successors and assigns as holder of the Governmental Lender Note.

"*Funding Loan*" shall have the meaning assigned to such term in the recitals above.

"*Funding Loan Agreement*" shall mean this Funding Loan Agreement, dated as of [_____] 1, 2023, by and among the Funding Lender, the Governmental Lender and the Fiscal Agent, as it may from time to time be supplemented, modified or amended by one or more amendments or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof.

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

"*Funding Loan Payment Fund*" shall mean the fund of that name established under Section 7.3(a) hereof.

"*GAAP*" shall mean generally accepted accounting principles as in effect on the date of the application thereof and consistently applied throughout the periods covered by the applicable financial statements.

"*Government Obligations*" shall mean noncallable, nonprepayable (i) direct, general obligations of the United States of America, or (ii) any obligations unconditionally guaranteed as to the full and timely payment of all amounts due thereunder by the full faith and credit of the United States of America (including obligations held in book entry form), but specifically excluding any mutual funds or unit investment trusts invested in such obligations.

"*Governmental Lender*" shall mean the City of Los Angeles, a municipal corporation and charter city of the State of California and any successor under this Funding Loan Agreement and the Funding Loan Documents.

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

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

"*Governmental Lender Note*" shall mean that certain City of Los Angeles Multifamily Mortgage Revenue Note (Avalon 1355 Apartments) Series 2023L dated the Closing Date in the original maximum principal amount of $[1,567,357] the form of which is contained in Exhibit A to this Funding Loan Agreement.

"*Highest Rating Category*" shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody's in the highest rating category given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax exempt municipal debt established by S&P is "A 1+" for debt with a term of one year or less and "AAA" for a term greater than one year, with corresponding ratings by Moody's of "MIG 1" (for fixed rate) or "VMIG 1" (for variable rate) for three months or less and "Aaa" for greater than three months. If at any time (i) both S&P and Moody's rate a Permitted Investment and (ii) one of those ratings is below the Highest Rating Category, then such Permitted Investment will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency. For example, a Permitted Investment rated "AAA" by S&P and "Aa3" by Moody's is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that Rating Agency, then the Permitted Investment will be deemed to be rated below the Highest Rating Category. For example, a Permitted Investment rated "AAA" by S&P and "A1" by Moody's is not rated in the Highest Rating Category.

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

"*Initial Funding Lender*" shall mean Bank of America, N.A.

"*Law*" shall have the meaning assigned thereto in the recitals.

"*Loan Purchase Agreement*" shall have the meaning assigned thereto in the recitals of this Funding Loan Agreement.

"*Mandatory Prepayment Date*" shall mean the Construction Loan Maturity Date (as defined in the Borrower Note).

"*Maturity Date*" shall mean the earliest to occur of (i) February 1, 2044, or (ii) any earlier date on which the entire principal balance of the Borrower Note becomes due and payable, by acceleration or mandatory prepayment, including, without limitation, mandatory prepayment on the Conversion Date (as defined in the Loan Purchase Agreement).

"*Maturity Date*" shall mean [_____], 2024.

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

"*Minimum Beneficial Ownership Amount*" shall mean the greater of (a) $250,000; or (b) the full outstanding principal amount of the Funding Loan, if such principal amount is less than $250,000.

"*Moody's*" shall mean Moody's Investors Service, Inc., or its successor.

"*Note Proceeds Account*" shall mean the Note Proceeds Account of the Project Fund, including any subaccounts for the Governmental Lender Note, established under Section 7.3.

"*Ongoing Governmental Lender Fee*" shall mean the portion of the Governmental Lender Fee payable after the Closing Date under Section 7(n) of the Regulatory Agreement.

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

"*Permitted Investments*" shall mean, to the extent authorized by law for investment of any moneys held under this Funding Loan Agreement:

(a) Government Obligations.

(b) Direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America, (other than the Federal Home Loan Mortgage Corporation) or direct obligations of the World Bank, which obligations are rated in the Highest Rating Category.

(c) Obligations, in each case rated in the Highest Rating Category, of (i) any state or territory of the United States of America, (ii) any agency, instrumentality, authority or political subdivision of a state or territory or (iii) any public benefit or municipal corporation the principal of and interest on which are guaranteed by such state or political subdivision.

(d) Any written repurchase agreement entered into with a Qualified Financial Institution whose unsecured short term obligations are rated in the Highest Rating Category.

(e) Commercial paper rated in the Highest Rating Category.

(f) Interest bearing negotiable certificates of deposit, interest bearing time deposits, interest bearing savings accounts and bankers' acceptances, issued by a Qualified Financial Institution if either (i) the Qualified Financial Institution's unsecured short term obligations are rated in the Highest Rating Category or (ii) such deposits, accounts or acceptances are fully collateralized by investments described in clauses (a) or (b) of this definition or fully insured by the Federal Deposit Insurance Corporation.

(g) Subject to the requirements of the Tax Certificate, an agreement held by the Fiscal Agent for the investment of moneys at a guaranteed rate with a Qualified Financial Institution whose unsecured long term obligations are rated in the Highest Rating Category or the Second Highest Rating Category, or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long term obligations are rated in the Highest Rating Category or Second Highest Rating Category; provided that such agreement is in a form acceptable to the Funding Lender and the Fiscal Agent; and provided further that such agreement includes the following restrictions:

(1) the invested funds will be available for withdrawal without penalty or premium, at any time that (A) the Funding Lender is required to pay moneys from the fund(s) established under this Funding Loan Agreement to which the agreement is applicable, or (B) any Rating Agency indicates that it will lower or actually lowers, suspends or withdraws the rating on the Funding Loan on account of the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement;

(2) the agreement, and if applicable the guarantee or insurance, is an unconditional and general obligation of the provider and, if applicable, the guarantor or insurer of the agreement, and ranks pari passu with all other unsecured unsubordinated obligations of the provider, and if applicable, the guarantor or insurer of the agreement;

(3) the Funding Lender and the Fiscal Agent receive an Opinion of Counsel, which may be subject to customary qualifications, that such agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and, if applicable, an Opinion of Counsel that any guaranty or insurance policy provided by a guarantor or insurer is legal, valid, binding and enforceable upon the guarantor or insurer in accordance with its terms; and

(4) the agreement provides that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement, is withdrawn, suspended by any Rating Agency or falls below the Second Highest Rating Category, the provider must, within 10 days, either: (A) collateralize the agreement (if the agreement is not already collateralized) with Permitted Investments described in paragraph (a) or (b) by depositing collateral with the Fiscal Agent or a third party custodian, such collateralization to be effected in a manner and in an amount reasonably satisfactory to the Funding Lender, or, if the agreement is already collateralized, increase the collateral with Permitted Investments described in paragraph (a) or (b) by depositing collateral with the Fiscal Agent or a third party custodian, in an amount reasonably satisfactory to the Funding Lender, (B) at the request of the Funding Lender, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium unless required by law or (C) transfer the agreement, guarantee or insurance, as applicable, to a replacement provider, guarantor or insurer, as applicable, then meeting the requirements of a Qualified Financial Institution and whose unsecured long term obligations are then rated in the Highest Rating

Category or the Second Highest Rating Category. The agreement may provide that the downgraded provider may elect which of the remedies to the downgrade (other than the remedy set out in (B)) to perform.

Notwithstanding anything else in this Paragraph (g) to the contrary and with respect only to any agreement described in this Paragraph (g) or any guarantee or insurance for any such agreement which is to be in effect for any period after the Conversion Date, any reference in this Paragraph to the "Second Highest Rating Category" will be deemed deleted so that the only acceptable rating category for such an agreement, guarantee or insurance will be the Highest Rating Category.

(h) Subject to the ratings requirements set forth in this definition, shares in any money market mutual fund (including those of the Fiscal Agent, the Funding Lender or any of their affiliates) registered under the Investment Company Act of 1940, as amended, that have been rated "AAAm G" or "AAAm" by S&P or "Aaa" by Moody's so long as the portfolio of such money market mutual fund is limited to Government Obligations and agreements to repurchase Government Obligations. If approved in writing by the Funding Lender, a money market mutual fund portfolio may also contain obligations and agreements to repurchase obligations described in paragraphs (b) or (c). If the Governmental Lender Note is rated by a Rating Agency, the money market mutual fund must be rated "AAAm G" or "AAAm" by S&P, if S&P is a Rating Agency, or "Aaa" by Moody's, if Moody's is a Rating Agency. If at any time the Governmental Lender Note is not rated (and, consequently, there is no Rating Agency), then the money market mutual fund must be rated "AAAm G" or "AAAm" by S&P or Aaa by Moody's. If at any time (i) the Governmental Lender Note is not rated, (ii) both S&P and Moody's rate a money market mutual fund and (iii) one of those ratings is below the level required by this paragraph, then such money market mutual fund will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency.

(i) Any other investment authorized by the laws of the State, if such investment is approved in writing by the Funding Lender.

For the avoidance of doubt, Permitted Investments shall not include any of the following:

(1) Except for any investment described in the next sentence, any investment with a final maturity or any agreement with a term greater than one year from the date of the investment. This exception (1) shall not apply to Permitted Investments listed in paragraphs (g) and (i).

(2) Except for any obligation described in paragraph (a) or (b), any obligation with a purchase price greater or less than the par value of such obligation.

(3) Any asset backed security, including mortgage backed securities, real estate mortgage investment conduits, collateralized mortgage obligations, credit card receivable asset backed securities and auto loan asset backed securities.

(4) Any interest only or principal only stripped security

(5) Any obligation bearing interest at an inverse floating rate.

(6) Any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

(7) Any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index.

(8) Any investment described in paragraph (d) or (g) with, or guaranteed or insured by, a Qualified Financial Institution described in clause (iv) of the definition of Qualified Financial Institution if such institution does not agree to submit to jurisdiction, venue and service of process in the United States of America in the agreement relating to the investment.

(9) Any investment to which S&P has added an "r" or "t" highlighter.

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

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

["*Prepayment Premium*" shall mean (i) any premium payable by the Borrower pursuant to the Borrower Loan Documents in connection with a prepayment of the Borrower Note (including any Prepayment Premium as set forth in the Borrower Note) and (ii) any premium payable on the Governmental Lender Note pursuant to this Funding Loan Agreement.]

"*Potential Default*" shall mean the occurrence of an event which, under the Borrower Loan Agreement, would, but for the giving of notice of passage of time, be an Event of Default.

"*Project*" shall have the meaning given to that term in the Borrower Loan Agreement.

"*Project Fund*" shall mean the fund of that name established under Section 7.3(b) hereof.

"*Qualified Financial Institution*" shall mean any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank, savings and loan association, or insurance company or association chartered or organized under the laws of any state of the United States of America, (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, (v) government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, (vi) securities dealer approved in writing by the Funding Lender the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation and (vii) other entity which is acceptable to the Funding Lender. With respect to an entity which provides an agreement held by the Fiscal Agent for the investment of moneys at a guaranteed rate as set out in paragraph (g) of the definition of the term "Permitted Investments" or an entity which guarantees or insures, as applicable, the agreement, a "Qualified Financial Institution" may also be a corporation or limited liability company organized under the laws of any state of the United States of America.

"*Qualified Project Costs*" shall mean costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with Section 1.103-8(a)(1) of the Regulations, provided, however, that only such portion of the interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all costs of the acquisition and construction or rehabilitation of the Project; and provided further that interest accruing after the Completion Date (as defined in the Regulatory Agreement) shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (whether as general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out of pocket costs incurred by such affiliate in constructing or rehabilitating the Project (or any portion thereof) and (B) any overhead expenses incurred by such affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an "affiliated group" (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to May 11, 2021, being the date on which the Governmental Lender first declared its "official intent" to reimburse costs paid with respect to the Project (within the meaning of Section 1.150-2 of the Regulations) or the date of issue of the

Funding Loan, and (iv) if the costs of the acquisition and construction or rehabilitation of the Project were previously paid and are to be reimbursed with proceeds of the Funding Loan such costs were (A) "preliminary expenditures" (within the meaning of Section 1.150-2(f)(2) of the Regulations) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition and construction or rehabilitation of the Project that do not exceed 20% of the issue price of the Funding Loan (as defined in Section 1.148-1 of the Regulations), or (B) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three years after the expenditures is paid); provided, however, that (w) Costs of Funding shall not be deemed to be Qualified Project Costs; (x) fees, charges or profits (including, without limitation, any Developer Fee) payable to the Borrower or a "related person" (within the meaning of Section 144(a)(3) of the Code) shall not be deemed to be Qualified Project Costs; (y) letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk shall be allocated between Qualified Project Costs and other costs and expenses to be paid from the proceeds of the Funding Loan; and (z) letter of credit fees and municipal bond insurance premiums which do not represent a transfer of credit risk (including, without limitation, letter of credit fees payable to a "related person" to the Borrower) shall not constitute Qualified Project Costs.

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

"*Rebate Amount*" shall mean, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Funding Loan.

"*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 fee of the Rebate Analyst.

"*Rebate Fund*" shall mean the fund of that name established under Section 7.3(e) hereof.

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

"*Regulatory Agreement*" shall mean that certain Amended and Restated 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 Funding Loan Agreement as Exhibit B duly executed by the holder of the Governmental Lender Note and delivered to the Governmental Lender.

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

"*Responsible Banking Ordinance*" shall mean Ordinance No. 182138 of the City of Los Angeles amending Chapter 5.1 of the Los Angeles Administrative Code.

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

"*Second Highest Rating Category*" shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by each Rating Agency in the second highest rating category given by that Rating Agency for that general category of security. If at any time the Governmental Lender Note is not rated (and, consequently, there is no Rating Agency), then the term "Second Highest Rating Category" means, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody's in the second highest rating category given by that rating agency for that general category of security. By way of example, the Second Highest Rating Category for tax exempt municipal debt established by S&P is "AA" for a term greater than one year, with corresponding ratings by Moody's of "Aa." If at any time (i) the Governmental Lender Note is not rated, (ii) both S&P and Moody's rate a Permitted Investment and (iii) one of those ratings is below the Second Highest Rating Category, then such Permitted Investment will not be deemed to be rated in the Second Highest Rating Category. For example, an Investment rated "AA" by S&P and "A" by Moody's is not rated in the Second Highest Rating Category.

"*Securities Act*" shall mean the Securities Act of 1933, as amended.

"*Security*" shall have the meaning assigned to it in Section 4.1.

"*Security Instrument*" shall have the meaning assigned to it in the recitals hereto.

"*Servicer*" shall mean any Servicer appointed by the Funding Lender to perform certain servicing functions with respect to the Funding Loan and/or the Borrower Loan pursuant to a separate servicing agreement to be entered into between the Funding Lender and the Servicer. Initially, the Servicer shall be the Funding Lender pursuant to this Funding Loan Agreement.

"*Servicing Agreement*" shall mean any servicing agreement entered into between the Funding Lender and the Servicer with respect to the servicing of the Funding Loan and/or the Borrower Loan.

"*Standard & Poor's*" or "*S&P*" shall mean S&P Global Ratings, a business unit of Standard & Poor's Ratings Services and its successors.

"*State*" shall mean the State of California.

"*Tax Certificate*" shall mean, collectively, (a) the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated the Closing Date and executed by the Governmental Lender and the Borrower and (b) the Borrower Cost Certificate dated the Closing Date and executed and delivered by the Borrower, in each case including all exhibits and other attachments thereto and in each case as may be amended, modified, supplemented and replaced from time to time.

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

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

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

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

"*Unassigned Rights*" shall mean the Governmental Lender's rights to reimbursement and payment of its fees (including the Ongoing Governmental Lender Fee), costs and expenses and the Rebate Amount under Section 2.5 of the Borrower Loan Agreement, its rights to attorneys' fees under Sections 5.11, 5.13, 5.14 and 5.15 thereof, its rights to indemnification under Sections 5.15 and 9.14 thereof, its rights of access under Section 5.17 thereof, its rights to receive notices, reports and other statements and its rights to consent to certain matters, including but not limited to its right to consent to amendments to this Funding Loan Agreement, the Borrower Loan Agreement and the Regulatory Agreement, and otherwise as provided in this Funding Loan Agreement and the Borrower Loan Agreement and the Governmental Lender's indemnification, consent and enforcement rights and rights to payment of fees, costs and expenses under the Regulatory Agreement or the Tax Certificate.

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

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

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

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

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

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

ARTICLE II

TERMS; GOVERNMENTAL LENDER NOTE

Section 2.1. Terms.

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

(b) ***Draw-Down Funding***. The Funding Loan is originated on a draw-down basis. The proceeds of the Funding Loan shall be advanced by the Funding Lender to the Fiscal Agent (pursuant to the wiring instructions on Exhibit G attached hereto) for payment to or for the benefit of the Borrower for the account of the Governmental Lender as and when needed to make each advance in accordance with the disbursement provisions of the Construction Disbursement Agreement, Section 7.7 hereof, and Section 2.11 of the Borrower Loan Agreement. Subject to the terms and conditions of the Borrower Loan Agreement, this Funding Loan Agreement and the Construction Disbursement Agreement, the Funding Lender agrees to advance, on behalf of the Governmental Lender, to the Fiscal Agent for disbursement to the Borrower under the Borrower Loan Agreement and the Construction Disbursement Agreement, the amount of the initial advance equal to $[_____] on the Closing Date, and the Governmental Lender agrees that such advance shall be deemed an advance on the Funding Loan for the account of the Governmental Lender under this Funding Loan Agreement. Notwithstanding anything in this Funding Loan Agreement to the contrary, no additional amounts of the Funding Loan may be drawn down and funded hereunder after December 31, 2026; provided, however, that upon the

delivery of a Tax Counsel No Adverse Effect Opinion to the Governmental Lender and the Funding Lender such date may be changed to a later date as specified in such Tax Counsel No Adverse Effect Opinion. The Funding Lender shall provide written notice to the Governmental Lender and Fiscal Agent of any change in the Mandatory Prepayment Date.

(c) ***Early Draw Down Event***. Notwithstanding any provision herein to the contrary, in the event that the Funding Lender or the Borrower (each an "Interested Party") determines in good faith that legislative, judicial or other developments have occurred or other circumstances have emerged which could result in interest on installments of the Funding Loan which have not been drawn to date (the "Remaining Authorized Amount"), not being excluded from gross income for federal income tax purposes, or otherwise determines that it is in its best interest to convert the Funding Loan into a fully funded obligation of the Governmental Lender in order to assure that interest on the Governmental Lender Note will remain excluded from gross income for federal income tax purposes, and, in the case of such determination by the Borrower, such action will resolve the uncertainty with respect to the exclusion of interest on the Governmental Lender Note from gross income for federal income tax purposes and will not jeopardize receipt of previously committed unfunded debt or Equity Contributions for the Project, then such Interested Party may provide a Written Direction (a "Draw Down Notice") to the other Interested Party and the Fiscal Agent as provided herein to cause the Remaining Authorized Amount of the Funding Loan to be funded. The Draw Down Notice, if given, shall take effect on the fifth Business Day following the date (or such greater number of Business Days to which the Borrower and the Funding Lender may agree in writing, with Written Notice to the Fiscal Agent) on which either the Borrower or the Funding Lender sends Written Notice to the other Interested Party referencing the Draw Down Notice and containing substantially the following words: "The [Borrower/Funding Lender] elects to [draw/fund] the Remaining Authorized Amount of the Funding Loan ($_____) effective _____ (the "Draw Down Date")." The Draw Down Notice will be delivered in the manner provided for notices hereunder and the Borrower Loan Agreement.

Promptly after receipt of a Draw Down Notice, the Funding Lender shall advance proceeds of the Funding Loan in the Remaining Authorized Amount (the "Remaining Funding Loan Proceeds") into the Note Proceeds Account of the Project Fund to be held for disbursements to the Borrower pursuant to the Funding Loan Documents. The advance of the Remaining Funding Loan Proceeds shall be treated as an advance of the full remaining principal of the Governmental Lender Note under this Funding Loan Agreement, and a like amount of the Borrower Loan shall be deemed concurrently and simultaneously advanced under the Borrower Loan Agreement and the Governmental Lender Note shall be deemed to have been issued in the full Authorized Amount against payment by the Funding Lender (taking into account amounts of the Funding Loan previously funded) of the purchase price equal to the Remaining Authorized Amount.

If not otherwise accounted for in the Funding Loan Documents as confirmed in writing by the Funding Lender, the Borrower agrees to pay to the Fiscal Agent on the Draw Down Date for deposit into the Capitalized Interest Account of the Project Fund, an amount of funds to be agreed upon by the Funding Lender and the Borrower prior to the Draw Down Date to cover the expected interest due on the Funding Loan as a result of the Draw

Down Notice for the period between the Draw Down Date and the date of each expected draw in accordance with the then approved draw schedule under the Funding Loan Documents. The Borrower agrees to pay to the Fiscal Agent, to be held hereunder, any amounts necessary to enable the Governmental Lender to pay, when due, all amounts due with respect to the Funding Loan, to the extent payments made or required to be made under the Borrower Loan Agreement and the Borrower Note are insufficient for such purpose.

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

(e) ***Principal***. The outstanding principal amount of the Governmental Lender Note and of the Funding Loan as of any given date shall be the total amount advanced by the Funding Lender to or for the account of the Governmental Lender to fund advances with respect to the Borrower Note and under the Borrower Loan Agreement and the Construction Disbursement Agreement as proceeds of the Borrower Loan, less any payments of principal of such Governmental Lender Note previously received from payments of corresponding principal amounts under the Borrower Note, including regularly scheduled principal payments and voluntary and mandatory prepayments. The principal amount of the Governmental Lender Note and interest thereon shall be payable on the basis specified in this paragraph (e) and in paragraphs (f) and (g) of this Section 2.1.

The Fiscal Agent shall keep a record of all principal advances and principal repayments made under the Governmental Lender Note and shall upon Written Request provide the Governmental Lender and the Funding Lender with a statement of the outstanding principal balance of the Governmental Lender Note and the Funding Loan. The foregoing shall be in addition to the requirement that the Funding Lender provide monthly statements to the Governmental Lender in accordance with Section 8.10 hereof.

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

(g) ***Corresponding Payments***. The payment or prepayment of principal, interest [and Prepayment Premium, if any,] due on the Funding Loan and the Governmental Lender Note shall be identical with and shall be made on the same dates, terms and conditions, as the principal, interest, [Prepayment Premium, if any,] late payment fees and other amounts due on the Borrower Note. The Governmental Lender Note shall be payable from payments on the Borrower Note.

(h) ***Usury***. The Governmental Lender intends to conform strictly to the usury laws applicable to this Funding Loan Agreement and the Governmental Lender Note and all agreements made in the Governmental Lender Note, this Funding Loan Agreement and the Funding Loan Documents are expressly limited so that in no event whatsoever shall the

amount paid or agreed to be paid as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto. If, from any circumstances whatsoever, the fulfillment of any provision of the Governmental Lender Note, this Funding Loan Agreement or the other Funding Loan Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If under any circumstances whatsoever, the Funding Lender shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by the Funding Lender, to the reduction of the principal remaining unpaid hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. This paragraph shall control every other provision of the Governmental Lender Note, this Funding Loan Agreement and all other Funding Loan Documents.

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

Section 2.2. Form of Governmental Lender Note. As evidence of its obligation to repay the Funding Loan, simultaneously with the delivery of this Funding Loan Agreement to the Funding Lender, the Governmental Lender hereby agrees to execute and deliver the Governmental Lender Note. The Governmental Lender Note shall be a physical certificated instrument substantially in the form set forth in Exhibit A attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Funding Loan Agreement or State law. In connection with Conversion, the Funding Lender shall have the right to exchange the then existing Governmental Lender Note on or after the Conversion Date for a new Governmental Lender Note with a dated date of the Conversion Date and in a stated principal amount equal to the then outstanding principal amount of the Governmental Lender Note.

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

Section 2.4. Authentication. The Governmental Lender Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Funding Loan Agreement unless a certificate of authentication on the Governmental Lender Note, substantially in the form set forth in Exhibit A hereto, shall have been manually executed by the Fiscal Agent. The Fiscal Agent shall authenticate the Governmental Lender Note by execution of the certificate of authentication on or attached to the Governmental Lender Note, and the certificate of authentication so executed on or attached to the Governmental Lender Note shall be conclusive evidence that it has been authenticated and delivered under this Funding Loan Agreement.

Section 2.5. Registration and Transfer of Governmental Lender Note.

(a) The Fiscal Agent acknowledges that the Funding Lender is the initial holder of the Governmental Lender Note and shall remain the sole holder of the Governmental Lender Note except as otherwise provided herein.

(b) The Fiscal Agent, on behalf of the Governmental Lender, shall provide for the registration of the Governmental Lender Note and the registration of transfers thereof. In that regard, the Fiscal Agent shall maintain a register which shall contain a record of every Governmental Lender 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 Governmental Lender Note is registered as the owner of the Governmental Lender Note for the purpose of receiving payment of the Governmental Lender Note and for all other purposes whatsoever whether or not the Governmental Lender 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 Governmental Lender 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 2.5 and under Section 2.6 hereof. Upon surrender of the Governmental Lender 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 Governmental Lender Note of a like principal amount, and having the same stated maturity, tenor and interest rate.

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

(e) Registration of the transfer of the Governmental Lender 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. A Governmental Lender Note presented or surrendered for

registration of transfer or exchange shall (i) be accompanied by evidence of compliance with the provisions of Section 2.6 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 such Governmental Lender Note. The Governmental Lender 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 Governmental Lender Note for any registration, transfer or exchange, but the Fiscal Agent and the Governmental Lender may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of a Governmental Lender Note, and any legal or unusual costs of transfers.

Section 2.6. Restrictions on Transfer.

(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 may not sell or assign the Funding Loan and the Governmental Lender Note, except in whole to a transferee who agrees to become the "Funding Lender" under the Funding Loan Documents and assume all of the obligations and perform all of the duties of the Funding Lender thereunder. The Funding Lender shall have the right to sell or grant participation interests or other beneficial ownership interests in the Governmental Lender Note and the Funding Loan, to the extent permitted by Section 2.6(c) below and the definition of Approved Transferee, provided that such sale shall be only to Approved Transferees that execute and deliver to the Funding Lender, the Governmental Lender and the Fiscal Agent the Required Transferee Representations, except that no Required Transferee Representations shall be required to be delivered by CCRC or its member banks which own or will own a participation interest under CCRC's tax exempt loan pool upon transfer of the Governmental Lender Note to CCRC on the Conversion Date pursuant to the Loan Purchase Agreement, or by transferees or beneficial interest owners described in clause (a)(iii) of the definition of "Approved Transferee." There shall be no option to transfer the Governmental Lender Note to a trust or similar arrangement pursuant to the provisions set forth in the definition of "Approved Transferee" where: (1) any of the interests (other than a residual interest held by a QIB) are not rated in the "A" category or higher by a Rating Agency or (2) the transferor is a party other than the Funding Lender which must provide the representations with respect to such trust or custodial arrangement as set forth in the definition of "Approved Transferee." Notwithstanding any sale or transfer of any participation interests in the Funding Loan, the Governmental Lender and the Fiscal Agent shall be entitled to consider the Funding Lender as the sole holder of such interests for purposes of exercising any right or discharging any obligation of the Funding Lender, or the giving or receiving of any notice, waiver, consent or similar action in respect of the Funding Lender. In connection with any sale, assignment or transfer of the Funding Loan, the Funding Lender shall give notice of such sale,

assignment or transfer to the Fiscal Agent, and the Fiscal Agent shall record such sale, assignment or transfer on its books or other records maintained for the registration of transfer of the Governmental Lender Note.

(c) Notwithstanding the other provisions of this Section 2.6, no beneficial ownership interest in the Governmental Lender Note and Funding Loan shall be sold in an amount that is less than the Minimum Beneficial Ownership Amount; provided, however, that beneficial ownership interests in the Governmental Lender Note and the Funding Loan of CCRC's member banks as participants in its tax exempt loan pool may be held in any amount without regard to the Minimum Beneficial Ownership Amount.

(d) The parties agree that no rating shall be sought from a rating agency with respect to the Funding Loan or the Governmental Lender Note.

(e) Except for a transfer of the Governmental Lender Note to CCRC on the Conversion Date as contemplated by the terms of the Loan Purchase Agreement, the transferor shall not transfer the Governmental Lender Note without prior written approval by the Governmental Lender, provided that, 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.

(f) If the transferee is a "Commercial Bank" as defined in the Responsible Banking Ordinance, such transferee shall deliver to the Governmental Lender an executed Responsible Banking Ordinance Certificate in the form of Exhibit F hereto.

(g) The Fiscal Agent shall not authenticate or register a Governmental Lender Note unless the conditions of this Section 2.6 have been satisfied.

ARTICLE III

PREPAYMENT

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

(a) The Governmental Lender Note shall be subject to voluntary prepayment in full or in part by the Governmental Lender, from funds received by the Governmental Lender or the Fiscal Agent, as provided in the Borrower Loan Agreement, to the extent and in the manner and on any date that the Borrower Note is subject to voluntary prepayment as set forth therein, at a prepayment price equal to the principal balance of the Borrower Note to be prepaid, plus interest thereon to the date of prepayment [and the amount of any Prepayment Premium payable] under the Borrower Note plus any Additional Borrower

Payments due and payable under the Borrower Loan Agreement through the date of prepayment.

The Borrower shall not have the right to voluntarily prepay all or any portion of the Borrower Note, thereby causing the Governmental Lender Note to be prepaid, except as specifically permitted in the Borrower Note, without the prior Written Consent of Funding Lender, which may be withheld in Funding Lender's sole and absolute discretion.

(b) The Governmental Lender Note shall be subject to mandatory prepayment in whole or in part upon prepayment of the Borrower Note at the direction of the Funding Lender in accordance with the terms of the Borrower Note, at a prepayment price equal to the outstanding principal balance of the Borrower Note prepaid, plus accrued interest plus any other amounts payable under the Borrower Note or the Borrower Loan Agreement.

Section 3.2. [Reserved].

Section 3.3. Notice of Prepayment. Notice of prepayment of the Governmental Lender Note shall be deemed given to the extent that notice of prepayment of the Borrower Note is timely and properly given to Funding Lender and the Fiscal Agent in accordance with the terms of the Borrower Note and the Borrower Loan Agreement, and no separate notice of prepayment of the Governmental Lender Note is required to be given. Notwithstanding any provision of this Funding Loan Agreement or the Governmental Lender Note to the contrary, the Governmental Lender shall be permitted to direct payments of the Borrower Note prepayments to be transferred to a custodian or trustee selected by the Governmental Lender, in lieu of application to prepay a like portion of the Governmental Lender Note, so long as the Governmental Lender simultaneously causes other funds to be applied to prepay such portion of the Governmental Lender Note. The preceding provisions shall apply only for purposes of preserving or "recycling" private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

ARTICLE IV

SECURITY

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

(a) All right, title and interest of the Governmental Lender in, to and under the Borrower Loan, the Borrower Loan Agreement, the Borrower Note and the other Borrower

Loan Documents, including, without limitation, all rents, revenues and receipts derived thereunder by the Governmental Lender from the Borrower relating to the Project and including, without limitation, all Pledged Revenues, Borrower Loan Payments and Additional Borrower Payments (except those related to the Unassigned Rights) derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Borrower Loan Agreement; provided that the pledge and assignment made under this Funding Loan Agreement shall not impair or diminish the obligations of the Governmental Lender under the provisions of the Borrower Loan Agreement;

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

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

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

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

Section 4.2. Delivery of Security. To provide security for the payment of the Funding Loan and the Governmental Lender Note, the Governmental Lender has pledged and assigned its

right, title and interest in the Security to the Fiscal Agent for the benefit of the holder from time to time of the Governmental Lender Note. In connection with such pledge, assignment, transfer and conveyance, the Governmental Lender shall deliver to the Fiscal Agent the following documents or instruments promptly following their execution and, to the extent applicable, their recording or filing:

(a) The Borrower Note endorsed without recourse to the Fiscal Agent by the Governmental Lender;

(b) The originally executed Borrower Loan Agreement and Regulatory Agreement;

(c) [A copy of the executed Security Instrument and all other Borrower Loan Documents existing at the time of delivery of the Borrower Note and an assignment for security of the Security Instrument from the Governmental Lender to the Fiscal Agent, in recordable form;]

(d) Uniform Commercial Code financing statements or other chattel security documents giving notice of the Fiscal Agent's status as an assignee of the Governmental Lender's security interest in any personal property forming part of the Project, in form suitable for filing; and

(e) Uniform Commercial Code financing statements giving notice of the pledge by the Governmental Lender of the Security pledged under this Funding Loan Agreement.

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

ARTICLE V

LIMITED LIABILITY

Section 5.1. Source of Payment of Funding Loan and Other Obligations. The Governmental Lender Note is payable solely from the Pledged Revenues and any other revenues, funds or assets of the Governmental Lender pledged and assigned under this Funding Loan Agreement and not from any other revenues, funds or assets of the Governmental Lender. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, [Prepayment Premium (if any)] or interest on the Governmental Lender Note and the Funding Loan or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein, and none of the Funding Loan or the Governmental Lender Note or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan, the Governmental Lender Note, or hereunder, shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any

constitutional or statutory provision whatsoever. Neither the faith, revenues, credit nor taxing power of the Governmental Lender, the State or any other political corporation or subdivision or agency thereof shall be pledged to the payment of the principal of, premium (if any), or interest on the Governmental Lender Note or this Funding Loan Agreement.

Section 5.2. Exempt from Individual Liability. No recourse under or upon any obligation, covenant, warranty or agreement contained in this Funding Loan Agreement or in the Governmental Lender Note, or under any judgment obtained against the Governmental Lender, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of this Funding Loan Agreement, shall be had against the Mayor, the City Council or any of the members, officers, agents or employees of the Governmental Lender, as such, past, present or future of the Governmental Lender, either directly or through the Governmental Lender or otherwise, for the payment for or to the Governmental Lender or any receiver of the Governmental Lender, or for or to the owner of the Governmental Lender Note, or otherwise, of any sum that may be due and unpaid by the Governmental Lender upon the Governmental Lender Note. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of the Mayor, the City Council or of any such member, officer, agent or employee, past, present or future, of the Governmental Lender, as such, by reason of any act of omission on his or her part or otherwise, for the payment for or to the owner of the Governmental Lender Note or otherwise of any sum that may remain due and unpaid upon the Governmental Lender Note secured by this Funding Loan Agreement or any of them is, by the acceptance of the Governmental Lender Note, expressly waived and released as a condition of and in consideration for the execution of this Funding Loan Agreement and the issuance of the Governmental Lender Note.

Anything in this Funding Loan Agreement to the contrary notwithstanding, it is expressly understood by the parties to this Funding Loan Agreement that (a) the Governmental Lender may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Governmental Lender by the Fiscal Agent, the Servicer, the Funding Lender or the owner of the Governmental Lender Note as to the existence of any fact or state of affairs, (b) the Governmental Lender shall not be under any obligation under this Funding Loan Agreement to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Fiscal Agent or by the Servicer and (c) none of the provisions of this Funding Loan Agreement shall require the Governmental Lender to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Funding Loan Agreement, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action.

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

It is recognized that notwithstanding any other provision of this Funding Loan Agreement, neither the Borrower, the Fiscal Agent, the Funding Lender nor any owner of the Governmental Lender Note shall look to the Governmental Lender for damages suffered by the Borrower, the Fiscal Agent, the Funding Lender or such owner of a Governmental Lender Note as a result of the failure of the Governmental Lender to perform any covenant, undertaking or obligation under this Funding Loan Agreement, the Borrower Loan Agreement, the Governmental Lender Note or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Governmental Lender in any of such documents, nor for any other reason. Although this Funding Loan Agreement recognizes that such documents shall not give rise to any pecuniary liability of the Governmental Lender, nothing contained in this Funding Loan Agreement shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Governmental Lender) in any court or before any governmental body, agency or instrumentality or otherwise against the Governmental Lender or any of its officers or employees to enforce the provisions of any of such documents which the Governmental Lender is obligated to perform and the performance of which the Governmental Lender has not assigned to the Fiscal Agent or any other person; provided, however, that as a condition precedent to the Governmental Lender proceeding pursuant to this Section 5.2, the Governmental Lender shall have received satisfactory indemnification.

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

THE GOVERNMENTAL LENDER 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 "CITY"), THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF, BUT IS PAYABLE SOLELY FROM THE PROJECT REVENUES AND PROPERTY PLEDGED THEREFOR IN THIS FUNDING LOAN AGREEMENT AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE CITY. NEITHER THE CITY, THE STATE NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON. 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 CITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE GOVERNMENTAL LENDER NOTE OR OTHER COSTS INCIDENT THERETO. THE GOVERNMENTAL LENDER NOTE IS NOT A DEBT OF THE UNITED STATES OF AMERICA.

Section 5.4. Limitation of Liability to Revenues. Notwithstanding anything contained in this Funding Loan Agreement, the Governmental Lender shall not be required to advance any moneys derived from the proceeds of taxes collected by the Governmental Lender, the State or by any political subdivision thereof or from any source of income of any of the foregoing other than the Pledged Revenues for any of the purposes mentioned in this Funding Loan Agreement, whether for the payment of the principal of or interest on the Governmental Lender Note or for any other purpose of this Funding Loan Agreement.

ARTICLE VI

CLOSING CONDITIONS; APPLICATION OF FUNDS

Section 6.1. Conditions Precedent to Closing. Closing of the Funding Loan on the Closing Date shall be conditioned upon satisfaction or waiver by both the Funding Lender and the Governmental Lender, in each of their sole discretions, of each of the conditions precedent to closing set forth in this Funding Loan Agreement, (other than the requirements in clauses (h) and (i) as applicable to deliverables to the Governmental Lender, or the requirements in clauses (g) and (j) below, each of which may only be waived by the Governmental Lender), including, but not limited to the following:

(a) Receipt by the Funding Lender of the original executed Governmental Lender Note, authenticated by the Fiscal Agent;

(b) Receipt by the Fiscal Agent of the original executed Borrower Note, endorsed by the Governmental Lender to the Fiscal Agent;

(c) Receipt by the Fiscal Agent and the Funding Lender of executed counterparts of this Funding Loan Agreement, the Borrower Loan Agreement, [the Construction Disbursement Agreement], the Regulatory Agreement, the Tax Certificate, [the Security Instrument], and any UCC financing statement required by the Security Instrument;

(d) Receipt by the Fiscal Agent of a certified copy of the Resolution;

(e) Receipt by the Fiscal Agent and Governmental Lender of an executed Required Transferee Representations from the Funding Lender;

(f) Delivery into escrow or to the Fiscal Agent, as appropriate, of all amounts required to be paid in connection with the origination of the Borrower Loan and the Funding Loan and any underlying real estate transfers or transactions, including the Costs of Funding Deposit, in accordance with Section 2.3(c)(ii) of the Borrower Loan Agreement;

(g) Receipt by the Funding Lender and the Governmental Lender of a Tax Counsel Approving Opinion;

(h) Receipt by the Funding Lender and the Governmental Lender of an Opinion of Counsel from Tax Counsel to the effect that the Governmental Lender Note is exempt from registration under the Securities Act, and this Funding Loan Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(i) Delivery of an opinion of counsel to the Borrower addressed to the Governmental Lender and the Funding Lender to the effect that the Funding Loan Documents to which the Borrower is a party are valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to such exceptions and qualifications as are acceptable to the Governmental Lender; and

(j) Receipt by the Funding Lender and the Governmental Lender of any other documents or opinions that the Funding Lender, the Governmental Lender or Tax Counsel may require.

ARTICLE VII

FUNDS AND ACCOUNTS

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

Section 7.2. Investment of Funds. Amounts held in any funds or accounts created under this Funding Loan Agreement shall be invested in Permitted Investments at the direction of the Borrower, subject in all cases to the restrictions of Section 8.7 hereof and of the Tax Certificate.

Section 7.3. Establishment of Funds. There are established with the Fiscal Agent the following funds and accounts:

(a) The Funding Loan Payment Fund;

(b) The Project Fund, and within the Project Fund (i) the Note Proceeds Account; (ii) the Capitalized Interest Account; and (iii) the Borrower Equity Account;

(c) The Expense Fund;

(d) The Closing Costs Fund; and

(e) The Rebate Fund.

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

All money to be deposited with or paid to the Fiscal Agent shall be wired to the Fiscal Agent pursuant to the wiring instructions contained in Exhibit G attached hereto. The Fiscal Agent shall provide Written Notice of any change to such wiring instructions to the Funding Lender and the Borrower no less than five Business Days prior to the next payment date for which such revised instructions will be applicable.

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

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

The Fiscal Agent shall apply all amounts on deposit in the Funding Loan Payment Fund in the following order of priority:

First, to pay or provide for the payment of the interest then due on the Funding Loan to the registered owner of the Governmental Lender Note;

Second, to pay or provide for the payment or the prepayment of principal [(and premium, if any)] on the Funding Loan to the registered owner of the Governmental Lender Note, provided moneys have been transferred or deposited into the Funding Loan Payment Fund for such purpose; and

Third, to pay or provide for the payment of the Funding Loan on the Maturity Date or earlier prepayment or acceleration date to the registered owner of the Governmental Lender Note.

Section 7.5. Expense Fund. The Fiscal Agent shall deposit in the Expense Fund the amounts required by the Regulatory Agreement or the Borrower Loan Agreement to be paid by the Borrower to the Governmental Lender or the Fiscal Agent. Amounts on deposit in the Expense Fund shall be used to pay the fees and expenses of the Governmental Lender, Rebate Analyst 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 (i) on each February 1 and August 1, commencing August 1, 2023, or at the direction of the Governmental Lender, the Ongoing Governmental Lender Fee, (ii) on each February 1, commencing February 1, 2024, to the Fiscal Agent amounts due pursuant to subpart (a) of the definition of "Fiscal Agent's Fees" herein, (iii) upon receipt, to the Fiscal Agent, any amounts due to the Fiscal Agent which have not been paid, other than amounts paid in accordance with clause (ii) hereof, (iv) upon receipt, to, or at the direction of, the Governmental Lender, any amounts owing the Governmental Lender by the Borrower and then due and unpaid, other than amounts paid in accordance with clause (i) hereof and (v) the Rebate Analyst's Fee when due.

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 Ongoing 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 Ongoing Governmental Lender Fee not later than 30 days prior to the due date for payment of such Ongoing Governmental Lender Fee, and shall remit moneys received by the Borrower to the Governmental Lender for payment of such fee.

Upon payment in full of the Governmental Lender Note, upon payment of amounts payable to the Governmental Lender, the Fiscal Agent, and the Rebate Analyst, any amounts remaining in the Expense Fund shall be paid to the Borrower.

Section 7.6. Closing Costs Fund. On the Closing Date, the Borrower shall deposit or cause to be deposited with the Fiscal Agent, for deposit in the Closing Costs Fund, the amount of $[_____]. Amounts in the Closing Costs Fund shall be disbursed by the Fiscal Agent to pay Governmental Lender Closing Costs on the Closing Date or as soon as practicable thereafter as follows: (a) pay as stated in a completed requisition in the form of Exhibit D; (b) pay the Fiscal Agent its acceptance fee and legal fee and first annual Fiscal Agent's Fees of $[5,250] [and (c) pay the California Debt and Investment Advisory Commission ("CDIAC") the CDIAC fee of $[_____] upon receipt of an invoice therefor]. Any interest earnings on amounts on deposit in the Closing Costs Fund shall remain in the Closing Costs 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 7.7. Project Fund.

(a) All proceeds of the Funding Loan provided by the Funding Lender shall be deposited to the Note Proceeds Account of the Project Fund and the Capitalized Interest Account of the Project Fund as directed in writing by the Funding Lender. The Fiscal Agent shall disburse moneys in the Note Proceeds Account, the Capitalized Interest Account and the Borrower Equity Account of the Project Fund for the acquisition, construction and equipping of the Project, to pay other Qualified Project Costs and to pay other costs related to the Project as provided herein.

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 Funding Loan, 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 Governmental Lender 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 Written Requisition of the Borrower substantially in the form attached hereto as Exhibit C and (i) approved by the Funding Lender pursuant to the terms, conditions and provisions of the Construction Disbursement Agreement, and (ii) acknowledged by the Governmental Lender as set forth herein. The Governmental Lender agrees that if the Governmental Lender has not acknowledged in writing any disbursement from the Note Proceeds Account or Borrower Equity Account within five Business Days of receipt of a request for acknowledgment of such disbursement, the Governmental Lender shall be deemed to have acknowledged such disbursement.

In addition to the above, in connection with a Written Requisition:

(i) Only the signature of an authorized officer of the Funding Lender and the Governmental Lender shall be required on a Written Requisition: (A) during any period in which a default by the Borrower has occurred and is then continuing under the Borrower 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); or (B) 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 Funding Loan Documents.

(ii) The Fiscal Agent shall disburse amounts in the Project Fund (first from the Borrower Equity Account and second from any other account or subaccount of the Project Fund) for the payment of interest due on the Governmental Lender Note upon receipt from the Funding Lender of a statement detailing the amount due (and without any need for a Written Requisition or any approval by the Borrower or acknowledgment by the Governmental Lender), provided that the Fiscal Agent shall provide written notice of such disbursements to the Governmental Lender.

(iii) Upon the occurrence of any mandatory prepayment of the Funding Loan pursuant to the terms hereof or an Event of Default, any amounts then remaining in the Project Fund may, at the Written Direction of the Funding Lender, be transferred to the Funding Loan Payment Fund to be applied to the prepayment of the Funding Loan without a Written Requisition.

(iv) The Fiscal Agent shall immediately provide Written Notice to the Borrower, the Funding Lender, the Servicer 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.

(v) The Fiscal Agent may conclusively rely on all Written Requisitions, the execution of the Written Requisitions by the Authorized Borrower Representative and the approval of all Written Requisitions by the Funding Lender

and acknowledgment by the Governmental Lender, as required by this Section, as conditions of payment from the Project Fund, which Written 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. All Written Requisitions delivered by the Fiscal Agent 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 Written Requisition or other statements, orders, certifications, acknowledgments 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 Written Requisition submitted by the Borrower and approved in writing by the Funding Lender and acknowledged in writing by the Governmental Lender, as applicable, the Fiscal Agent shall promptly, but in any case within three Business Days, except as provided in subsection (a) above, make payment from the appropriate account or subaccount within the Project Fund in accordance with such Written Requisition. The Fiscal Agent shall have no duty to determine whether any requested disbursement from the Project Fund complies with the terms, conditions and provisions of the Funding Loan Documents or, in the case of disbursements from the Note Proceeds Account, constitutes payment of Qualified Project Costs or complies with the 95% Requirement. The approval in writing of a Written Requisition by the Funding Lender and acknowledgement by 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 Funding Loan Documents applicable to such disbursement have been fully satisfied or waived and the Written 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 Written 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 7.7(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 who shall then promptly pay 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 approval and the Governmental Lender's acknowledgment, as applicable, of the Written 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 Funding Loan Documents, with the Written Consent of the Funding Lender, the Fiscal

Agent may apply amounts on deposit in the Project Fund to the payment of principal of and interest on the Funding Loan. If a Written Requisition signed by the Authorized Borrower Representative 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) Amounts set aside to pay capitalized interest on the Funding Loan, including additional capitalized interest deposited by the Borrower in connection with any deposits made pursuant to Section 2.1 hereof or extension of the Completion Deadline, shall be deposited in the Capitalized Interest Account of the Project Fund. On the last Business Day immediately preceding each Interest Payment Date up to and including the Conversion Date, the Fiscal Agent shall transfer funds from the Capitalized Interest Account of the Project Fund to pay the interest then due on the Funding Loan; or to the extent that insufficient funds are on deposit in the Capitalized Interest Account, from the Borrower Equity Account of the Project Fund, to the Funding Loan Payment Fund to pay the interest due on the Funding Loan on the following Interest Payment Date without the need for a Written Requisition. After the Conversion Date, any amounts remaining in the Capitalized Interest Account shall be transferred (i) to the Note Proceeds Account of the Project Fund to the extent such amounts were funded with proceeds of the Funding Loan; and (ii) to the Borrower Equity Account of the Project Fund to the extent such amounts were funded with Borrower Required Equity.

(d) Immediately prior to any mandatory prepayment of the Funding Loan pursuant to the terms hereof, any amounts then remaining in the Project Fund shall, at the written direction of the Funding Lender, be transferred to the Funding Loan Payment Fund to be applied to the prepayment of the Funding Loan pursuant hereto.

(e) Amounts on deposit in the Project Fund shall be invested in Permitted Investments directed in writing by the Borrower and approved in writing by the Funding Lender. 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.

(f) Amounts on deposit in the Funding Loan Payment Fund, Expense Fund, Rebate Fund and Closing Costs Fund shall be invested in Permitted Investments directed in writing by the Borrower and approved in writing by the Funding Lender. Investment Income earned on amounts on deposit in each account of the Funding Loan Payment Fund, Expense Fund, Rebate 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 Funding Loan Payment Fund, Expense Fund, Rebate 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 Funding Loan Agreement. The Fiscal Agent shall not be liable for any losses from investments made by the Fiscal Agent in accordance with this Funding Loan Agreement.

The Governmental Lender, the Funding Lender and the Borrower (by its execution of the Borrower Loan Agreement) 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 include detail for all investment transactions, if any, made by the Fiscal Agent hereunder.

The amounts received upon the sale of the Governmental Lender Note and the 2022 Governmental Lender 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.

Section 7.8. Rebate Fund. The Fiscal Agent shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto pursuant to Section 5.35 of the Borrower Loan Agreement.

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

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

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

(b) The Governmental Lender is not in default under or in violation of, and the execution and delivery of the Funding Loan Documents to which it is a party and its compliance with the terms and conditions thereof will not conflict or constitute a default under or a violation of, (i) the Act or the Law, (ii) to its knowledge, any other existing laws,

rules, regulations, judgments, decrees and orders applicable to it, or (iii) to its knowledge, the provisions of any agreements and instruments to which the Governmental Lender is a party, a default under or violation of which would prevent it from entering into this Funding Loan Agreement, executing and delivering the Governmental Lender Note, financing the Project, executing and delivering the other Funding Loan Documents to which it is a party or consummating the transactions contemplated thereby. The Governmental Lender makes no representations as to the necessity of registering the Governmental Lender Note or the Borrower Note pursuant to any securities laws or complying with any other requirements of securities laws.

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

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

(e) The California Debt Limit Allocation Committee has provided an allocation of the State's 2022 private activity bond volume cap under Section 146 of the Code to the Governmental Lender for the Governmental Lender Note, and the Governmental Lender has timely made the required carry forward election with respect to such volume cap allocation. The Governmental Lender hereby elects to apply the alternative option under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue date of the Governmental Lender Note; and, in connection therewith, has directed Tax Counsel to include the information on Form 8038 filed for the Governmental Lender Note that is required by Section 3.03 of said Notice.

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

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

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

Section 8.4. Servicer. The Funding Lender may appoint a Servicer to service and administer the Funding Loan and/or the Borrower Loan on behalf of the Funding Lender and the Fiscal Agent, including without limitation the fulfillment of rights and responsibilities granted by Governmental Lender to Funding Lender pursuant to Section 2.1 of the Borrower Loan Agreement.

Section 8.5. Borrower Loan Agreement Performance.

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

(b) The Governmental Lender will promptly notify or cause to be notified the Borrower, the Fiscal Agent, the Servicer, if any, and the Funding Lender in writing of the occurrence of any Borrower Loan Agreement Default, provided that the Governmental Lender has received Written Notice or otherwise has knowledge of such event.

Section 8.6. Maintenance of Records; Inspection of Records.

(a) The Fiscal Agent shall keep and maintain adequate records pertaining to any funds and accounts established hereunder by the Fiscal Agent, including all deposits to and disbursements from said funds and accounts and shall keep and maintain the registration books for the Governmental Lender Note and interests therein. The Fiscal Agent shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest [and Prepayment Premium] paid on the Funding Loan, subject to the inspection of the Funding Lender and the Governmental Lender and their representatives at all reasonable times and upon reasonable prior notice.

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

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

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

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

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

(d) Not knowingly take any action nor, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, knowingly permit or suffer any action to be taken if the result of the same would be to cause the Governmental Lender Note to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations;

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

(f) Require the Borrower, solely by causing the Borrower to execute and deliver the Borrower Loan Agreement and the Tax Certificate, to take all steps necessary to compute and pay any rebatable arbitrage in accordance with Section 148(f) of the Code.

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

in this Funding Loan Agreement in full. In the event of any conflict between any provision or requirement of this Funding Loan Agreement and the Tax Certificate, the requirements of the Tax Certificate shall control.

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

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

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

Section 8.9. Maintenance of Records. The Funding Lender shall keep and maintain adequate records pertaining to the funds and accounts relative to the Borrower Loan established with the Fiscal Agent, if any, established hereunder, including all deposits to and disbursements from said funds and accounts and will provide information and records relating thereto to the Governmental Lender upon written request.

ARTICLE IX

DEFAULT; REMEDIES

Section 9.1. 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 under the Borrower Loan Documents, the Fiscal Agent shall, subject to the provisions of Article XI, take such actions, and only such actions, to enforce the provisions of this Funding Loan Agreement, the Borrower Loan Documents and the Funding Loan Documents as are specified in writing by the Funding Lender. Notwithstanding the foregoing, or anything else to the contrary herein, no default by the Borrower under the Borrower Loan Agreement or the Borrower Note shall constitute an event of default with respect to the Funding Loan (including, without limitation, a failure to make any payment due with respect to the Funding Loan as a consequence of the Borrower's failure to make any payment due under the Borrower Loan Agreement). The Governmental Lender's, Fiscal Agent's, Funding Lender's and Servicer's remedies with respect to a default under the Borrower Loan Documents shall be as set forth under the Borrower Loan Documents. In the event of a default by the Borrower under the Borrower Loan Documents, the Funding Lender, in its discretion, may accelerate the amounts due under the Borrower Loan Agreement and take other remedial actions available thereunder without accelerating the amounts due with respect to the Funding Loan. Notwithstanding the foregoing, the Funding Lender may, upon the acceleration of the Borrower's obligations under the Borrower Loan Documents, direct the Fiscal Agent to simultaneously accelerate the maturity of the Funding Loan and apply any funds available hereunder to the payment of the Funding Loan (after paying the fees and expenses

of the Fiscal Agent and the Governmental Lender). Any portion of the Funding Loan remaining outstanding upon such an acceleration of the Funding Loan shall be deemed paid upon transfer, to or at the direction of the Funding Lender, of the Borrower Loan Documents and all security therefor free and clear of the lien of this Funding Loan Agreement.

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

Section 9.2. Effectiveness of Sections 9.2 Through 9.15 at the Direction of Governmental Lender; Events of Default. 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 9.2 and Sections 9.3 through 9.15. The Governmental Lender's authorization of such provisions 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 reasonably satisfactory to the Governmental Lender. Upon delivery of the above-referenced authorization the provisions of this Section 9.2 and Sections 9.3 through 9.15 shall be effective. Any one or more of the following shall constitute an event of default (an "Event of Default") under this Funding Loan Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or Governmental Authority):

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

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

(c) Subject to Section 8.8 hereof, default in the performance or breach of any material covenant or warranty of the Governmental Lender in this Funding Loan Agreement (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after there has been given written notice, as provided in Section 12.1 hereof, to the Governmental Lender and the Borrower by the Funding Lender or the Servicer, specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Funding Loan Agreement; provided that, so long as the Governmental Lender, or the Borrower on its behalf, has commenced to cure such failure to observe or perform within the 30-day cure period and the subject matter of the default is not capable of cure within said 30-day period and the Governmental Lender, or the Borrower on its behalf, is diligently pursuing such cure to the Funding Lender's satisfaction, with the Funding Lender's Written Direction or Written Consent, then the Governmental Lender, or the Borrower on its behalf, shall have an additional

period of time as reasonably necessary (not to exceed 30 days unless extended in writing by the Funding Lender) within which to cure such default; or

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

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

Notwithstanding anything to the contrary contained herein, the Funding Lender hereby agrees that any cure of any default made or tendered by one or more of the Borrower's limited partners or its designee shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 9.3. Acceleration of Maturity; Rescission and Annulment.

(a) Subject to the provisions of Section 9.10 hereof, upon the occurrence of an Event of Default under Section 9.2 hereof, then and in every such case, the Funding Lender or the Fiscal Agent at the direction of the Funding Lender, may declare the outstanding principal of the Funding Loan and the Governmental Lender Note and the interest accrued to be immediately due and payable, by notice to the Governmental Lender and the Borrower and upon any such declaration, all principal of [and Prepayment Premium, if any,] and interest on the Funding Loan and the Governmental Lender Note shall become immediately due and payable.

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

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

(ii) All Events of Default, other than the nonpayment of the principal of the Funding Loan and the Governmental Lender Note which have become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 9.10 hereof.

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

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

Section 9.4. Additional Remedies; Funding Lender Enforcement.

(a) Upon the occurrence of an Event of Default, the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, may, subject to the provisions of this Section 9.4 and Section 9.10 hereof, proceed to protect and enforce its rights by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Funding Loan Agreement upon or remedy reserved to the Funding Lender or the Fiscal Agent is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Funding Lender or the Fiscal Agent hereunder or now or hereafter existing at law or in equity or by statute.

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

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

(ii) to become mortgagee of record for the Borrower Loan including, without limitation, completing the assignment of the Security Instrument by the Governmental Lender to the Fiscal Agent as anticipated by this Funding Loan Agreement, and recording the same in the real estate records of the jurisdiction in which the Project is located, without further act or consent of the Governmental Lender, and to service and administer the same for its own account;

(iii) to service and administer the Funding Loan as agent and on behalf of the Governmental Lender or otherwise, and, if applicable, to take such actions necessary to enforce the Borrower Loan Documents and the Funding Loan Documents on its own behalf, and to take such alternative courses of action, as it may deem appropriate; or

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

(c) Whether or not an Event of Default has occurred, the Funding Lender, in its sole discretion, or the Fiscal Agent at the direction of the Funding Lender, shall have the sole right to waive or forbear from enforcing any term, condition, covenant or agreement of the Security Instrument, the Borrower Loan Agreement, the Borrower Note or any other Borrower Loan Documents or Funding Loan Documents applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax exempt status of the interest on the Governmental Lender Note, and provided that the Governmental Lender may enforce specific performance with respect to the Unassigned Rights; provided, however, that any such forbearance by the Funding Lender in the exercise of its remedies under the Funding Loan Documents shall not be construed as a waiver by the Funding Lender of any Conversion Conditions.

(d) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of 60 days after the Borrower, the Fiscal Agent and the Funding Lender receive Written Notice stating that a default under the Regulatory Agreement has occurred and specifying the nature of the default, the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, shall have the right to seek specific performance of the provisions of the Regulatory Agreement or to exercise its other rights or remedies thereunder; provided, however, that any forbearance by the Funding Lender in the exercise of its remedies under the Funding Loan Documents shall not be construed as a waiver by the Funding Lender of any Conversion Conditions.

(e) If the Borrower defaults in the performance of its obligations under the Borrower Loan Agreement or any of the other Funding Loan Documents to make rebate payments, to comply with any applicable continuing disclosure requirements, or to make payments owed pursuant to Sections 2.5, 5.14 or 5.15 of the Borrower Loan Agreement (subject to the applicable notice and cure periods) for fees, expenses or indemnification, the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, shall have the right to exercise all its rights and remedies thereunder (subject to Section 9.14 hereof).

Section 9.5. Application of Money Collected. Any money collected by the Funding Lender pursuant to this Article, and any other sums then held by the Funding Lender or the Fiscal Agent as part of the Security, shall be applied in the following order, at the date or dates fixed by the Funding Lender or the Fiscal Agent at the direction of the Funding Lender:

(a) First: To the payment of any and all amounts due under the Funding Loan Documents other than with respect to principal and interest accrued on the Governmental

Lender Note, including, without limitation, any amounts due to the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer and the Rebate Analyst;

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

(c) Third: To the payment of the amounts required to reimburse the Governmental Lender and the Funding Lender for any legal or other out-of-pocket costs incurred by them in connection with exercising their remedies hereunder; and

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

If and to the extent this Section 9.5 conflicts with the provisions of the Servicing Agreement, the provisions of the Servicing Agreement shall control. Capitalized terms used in this Section 9.5 but not otherwise defined in this Funding Loan Agreement shall have the meanings given such terms in the Servicing Agreement.

Section 9.6. Remedies Vested in Funding Lender. All rights of action and claims under this Funding Loan Agreement or the Governmental Lender Note may be prosecuted and enforced by the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, without the possession of the Governmental Lender Note or the production thereof in any proceeding relating thereto.

Section 9.7. Restoration of Positions. If the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, shall have instituted any proceeding to enforce any right or remedy under this Funding Loan Agreement and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Funding Lender or the Fiscal Agent, then and in every such case the Governmental Lender and the Funding Lender or the Fiscal Agent shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Governmental Lender and the Funding Lender and the Fiscal Agent shall continue as though no such proceeding had been instituted.

Section 9.8. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Funding Lender or the Fiscal Agent is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at

law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 9.9. Delay or Omission Not Waiver. No delay or omission of the Funding Lender or the Fiscal Agent to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Funding Lender or the Fiscal Agent may be exercised from time to time, and as often as may be deemed expedient, by Funding Lender or the Fiscal Agent at the direction of the Funding Lender. No waiver of any default or Event of Default pursuant to Section 9.10 hereof shall extend to or shall affect any subsequent default or Event of Default hereunder or shall impair any rights or remedies consequent thereon.

Section 9.10. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, the Funding Lender or the Fiscal Agent at the direction of the Funding Lender may, subject to Section 9.7 hereof, by Written Notice to the Governmental Lender and the Borrower, waive any past default hereunder or under the Borrower Loan Agreement and its consequences except for default in obligations due the Governmental Lender pursuant to or under the Unassigned Rights. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Funding Loan Agreement and the Borrower Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 9.11. Remedies Under Borrower Loan Agreement or Borrower Note. As set forth in this Section 9.11 but subject to Section 9.10 hereof, the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, shall have the right, in its own name or on behalf of the Governmental Lender, to declare any default and exercise any remedies under the Borrower Loan Agreement or the Borrower Note, (provided all applicable notice, cure, and grace periods have expired without cure of such defaults) whether or not the Governmental Lender Note has been accelerated or declared due and payable by reason of an Event of Default.

Section 9.12. Waiver of Appraisement and Other Laws.

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

(b) If any law now in effect prohibiting the waiver referred to in Section 9.12(a) shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section 9.12.

Section 9.13. Suits to Protect the Security. The Funding Lender, or the Fiscal Agent at the direction of the Funding Lender, shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Security by any acts that may be unlawful or in violation of this Funding Loan Agreement and to protect its interests in the Security and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental authority enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Funding Lender or the Fiscal Agent.

Section 9.14. Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Funding Loan Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Section 9.15. Assumption of Obligations. In the event that the Funding Lender or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall have the right, to be exercised in its sole discretion, to succeed to the rights and the obligations of the Borrower under the Borrower Loan Agreement, the Borrower Note, the Regulatory Agreement and any other Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

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

ARTICLE X

AMENDMENT; AMENDMENT OF BORROWER LOAN AGREEMENT AND OTHER DOCUMENTS

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

benefit of and be enforceable by the successors and assigns of the Governmental Lender, the Funding Lender and the Fiscal Agent.

Section 10.2. Amendments Require Funding Lender Consent. Neither the Governmental Lender nor the Fiscal Agent shall consent to any amendment, change or modification of the Borrower Loan Agreement or any other Borrower Loan Document or Funding Loan Document (except the Tax Certificate and the Regulatory Agreement) without the prior Written Consent of the Funding Lender, or the Fiscal Agent at the direction of the Funding Lender.

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

ARTICLE XI

THE FISCAL AGENT

Section 11.1. Appointment of Fiscal Agent; Acceptance. The Governmental Lender hereby appoints U.S. Bank Trust Company, National Association, as Fiscal Agent hereunder. The Fiscal Agent shall signify its acceptance of the duties and obligations imposed upon it by this Funding Loan Agreement by executing this Funding Loan Agreement.

Section 11.2. Certain Duties and Responsibilities of Fiscal Agent.

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

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

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

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

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

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

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

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

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

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

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

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

Section 11.3. Notice of Defaults. Upon the occurrence of any default hereunder or under any other Funding Loan Document and provided that a Responsible Officer of the Fiscal Agent is aware of or has received Written Notice of the existence of such default, promptly, and in any event within 15 days, the Fiscal Agent shall transmit to the Governmental Lender, the Borrower, the Equity Investor, the Servicer, if any, and the Funding Lender, in the manner and at the addresses for notices set forth in Section 12.1 hereof, notice of such default hereunder known to

the Fiscal Agent pursuant to Section 11.4(g) hereof, unless such default shall have been cured or waived.

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

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

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

(c) Whenever in the administration of this Funding Loan Agreement or any other Funding Loan Document the Fiscal Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Fiscal Agent (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Written Certificate of the Governmental Lender, the Funding Lender, the Servicer or the Borrower, as appropriate;

(d) The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Funding Loan Agreement or any other Funding Loan Document at the request or direction of the Funding Lender, pursuant to this Funding Loan Agreement, unless the Funding Lender shall have offered to the Fiscal Agent in writing security or indemnity reasonably satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, except costs, expenses and liabilities which are adjudicated to have resulted from its own negligence or willful misconduct, provided that nothing contained in this subparagraph (d) shall be construed to require such security or indemnity for the performance by the Fiscal Agent of its obligations under Article VIII hereof;

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

(f) The Fiscal Agent may execute any of its powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and pay reasonable compensation thereto and the Fiscal Agent shall not be responsible for any misconduct or

negligence on the part of any agent or attorney appointed with due care by it hereunder. The Fiscal Agent may act upon the advice of counsel of its choice concerning all matters hereof and the Fiscal Agent shall not be responsible for any loss or damage resulting from any action or inaction taken in good faith reliance upon said advice; and

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

The Fiscal Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Funding Loan Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Fiscal Agent, or another method or system specified by the Fiscal Agent as available for use in connection with its services hereunder.); provided, however, that the Funding Lender, the Governmental Lender, the Servicer, if any, and/or the Borrower, as applicable, shall provide to the Fiscal Agent an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Funding Lender, the Governmental Lender, the Servicer and/or the Borrower, as applicable, whenever a person is to be added or deleted from the listing. If the Funding Lender, the Governmental Lender, the Servicer and/or the Borrower, as applicable, elects to give the Fiscal Agent Instructions using Electronic Means and the Fiscal Agent in its discretion elects to act upon such Instructions, the Fiscal Agent's understanding of such Instructions shall be deemed controlling. The Funding Lender, the Governmental Lender, the Servicer and the Borrower understand and agree that the Fiscal Agent cannot determine the identity of the actual sender of such Instructions and that the Fiscal Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Fiscal Agent have been sent by such Authorized Officer. The Funding Lender, the Governmental Lender, the Servicer and the Borrower shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Fiscal Agent and that the Funding Lender, the Governmental Lender, the Servicer, the Borrower and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Funding Lender, the Governmental Lender, the Servicer and/or the Borrower, as applicable. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Funding Lender, the Governmental Lender, the Servicer and the Borrower agree: (i) to assume all risks arising out of the use of Electronic Means

to submit Instructions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Fiscal Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Funding Lender, the Governmental Lender, the Servicer and/or the Borrower, as applicable; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 11.5. Not Responsible for Recitals. The recitals contained herein and in the Governmental Lender Note shall be taken as the statements of the Governmental Lender, and the Fiscal Agent assumes no responsibility for their correctness. The Fiscal Agent makes no representations as to the value or condition of the Pledged Revenues, the Security or any part thereof, or as to the title of the Governmental Lender thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Funding Loan Agreement or of the Funding Loan.

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

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

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

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

Section 11.7. Moneys Held in Trust. Moneys held by the Fiscal Agent in trust hereunder need not be segregated from other funds except to the extent hereunder directed or as required by law. The Fiscal Agent shall be under no liability for interest on any moneys received by it hereunder except as otherwise provided herein.

Section 11.8. Compensation and Reimbursement. Under the Borrower Loan Agreement, the Borrower has agreed to, except as otherwise expressly provided herein, reimburse

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

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

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

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

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

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

Section 11.10. Resignation and Removal; Appointment of Successor.

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

(b) The Fiscal Agent may resign at any time by giving 60 days' Written Notice thereof to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender. If an instrument of acceptance by a successor Fiscal Agent shall not have been delivered to the Fiscal Agent within 45 days after the giving of such notice of resignation, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

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

(d) If the Fiscal Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the Office of the Fiscal Agent for any cause, the Governmental Lender shall promptly appoint a successor Fiscal Agent, with the consent of the Funding Lender, which consent shall not be unreasonably withheld. In case all or substantially all of the Pledged Revenues and Security shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Fiscal Agent shall be so appointed by the Governmental Lender. If, within 60 days after such resignation, removal or incapability or the occurrence of such vacancy, the Governmental Lender has failed to so appoint a successor Fiscal Agent, then a successor Fiscal Agent shall be appointed by the Funding Lender (from any of the institutions approved by the Governmental Lender to serve as a fiscal agent or trustee) with Written Notice thereof delivered to the Governmental Lender, the Borrower, the Servicer, if any, and the retiring Fiscal Agent, and the successor Fiscal Agent so appointed shall, forthwith upon its acceptance of such appointment, become the successor Fiscal Agent and supersede the successor Fiscal Agent appointed by such receiver or Fiscal Agent. If no successor Fiscal Agent shall have been appointed by the Governmental Lender or the Funding Lender and accepted appointment in the manner hereinafter provided, the Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

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

Section 11.11. Acceptance of Appointment by Successor.

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

shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Fiscal Agent all such estates, properties, rights, powers and trusts.

(b) No successor Fiscal Agent shall accept its appointment unless at the time of such acceptance such successor Fiscal Agent shall be qualified and eligible under this Article, to the extent operative.

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

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

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

Should any instrument in writing from the Governmental Lender be required by the separate fiscal agent or co-fiscal agent appointed by the Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request of the Fiscal Agent, be executed,

acknowledged and delivered by the Governmental Lender. In case any separate fiscal agent or co-fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, duties and obligations of such separate fiscal agent or co-fiscal agent, so far as permitted by law, shall vest in and be exercised by the Fiscal Agent until the appointment of a successor to such separate fiscal agent or co-fiscal agent.

Section 11.14. Loan Servicing. The Governmental Lender and the Fiscal Agent acknowledge that the Funding Lender shall have the right to appoint a Servicer to service and administer the Funding Loan and the Borrower Loan as set forth in a Servicing Agreement. The Governmental Lender and the Fiscal Agent shall not be responsible for monitoring the performance of any Servicer or for any acts or omissions of such Servicer. The Funding Lender may, in its sole discretion, terminate or replace the Servicer.

Section 11.15. No Recourse Against Officers or Employees of Fiscal Agent. No recourse with respect to any claim related to any obligation, duty or agreement contained in this Funding Loan Agreement or any other Funding Loan Document shall be had against any officer or employee, as such, of the Fiscal Agent, it being expressly understood that the obligations, duties and agreements of the Fiscal Agent contained in this Funding Loan Agreement and the other Funding Loan Documents are solely corporate in nature.

Section 11.16. BSBY Rate Cessation or Alternative Reference Rate. The Fiscal Agent shall not be under any obligation (a) to monitor, determine or verify the unavailability or cessation of the BSBY Rate (as defined in the Borrower Note) (or other applicable benchmark interest rate), or whether or when there has occurred, or to give notice to any other transaction party of the occurrence of, any benchmark transition event or Scheduled Unavailability Date (as defined in the Borrower Note), (b) to select, determine or designate any Successor Rate or Conforming Changes (each as defined in the Borrower Note), or other successor or replacement benchmark index, or whether any conditions to the designation of such a rate have been satisfied, or (c) to select, determine or designate any Successor Rate, Conforming Changes other modifier to any replacement or successor index, or (d) to determine whether or what Successor Rate or Conforming Changes are necessary or advisable, if any, in connection with any of the foregoing.

Section 11.17. Limitation of Liability; Failure to Perform or Delay. The Fiscal Agent shall not be liable for any inability, failure or delay on its part to perform any of its duties set forth in this Funding Loan Agreement as a result of the unavailability of the BSBY Rate (or other applicable benchmark) and absence of a designated replacement rate or Successor Rate, including as a result of any inability, delay, error or inaccuracy on the part of any other transaction party, including without limitation the Funding Lender or the Servicer, in providing any direction, instruction, notice or information required or contemplated by the terms of this Funding Loan Agreement and reasonably required for the performance of such duties.

ARTICLE XII

MISCELLANEOUS

Section 12.1. Notices.

(a) All notices, demands, requests and other communications required or permitted to be given by any provision of this Funding Loan Agreement shall be in writing and sent by first class, regular, registered or certified mail, commercial delivery service, overnight courier, telegraph, telex, telecopier or facsimile transmission, air or other courier, or hand delivery to the party to be notified addressed as follows:

If to the Governmental Lender:
City of Los Angeles
Los Angeles Housing Department
8th Floor
1200 West 7th Street
Los Angeles, CA 90017
HIMS# 20-127766
Attention: Supervisor, Affordable Housing Bond Program
Facsimile: (213) 808-8918

with a copy to:
City of Los Angeles
Los Angeles Housing Department
P.O. Box 532729
Los Angeles, CA 90053-2729
HIMS# 20-127766
Attention: Supervisor, Affordable Housing Bond Program
Facsimile: (203) 808-8606

If to the Fiscal Agent:
U.S. Bank Trust Company, National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust
Ref: LA MF (Avalon 1355 2022A and 2023L)
Telephone: (213) 615-6024
Facsimile: (213) 615-6199

If to the Borrower:
Avalon 1355 Partners, LP
c/o JDF, LLC
777 West Putnam Avenue
Greenwich, CT 06830
Attention: Joanne D. Flanagan, Esq.
Telephone: (203) 869-0900
Facsimile: (203) 869-1034

And (which shall not constitute notice to Borrower)	Nelson Mullins Riley & Scarborough LLP 390 North Orange Avenue, Suite 1400 Orlando, FL 32801 Attention: David F. Leon, Esq.
with a copy to:	Bank of America, N.A. 225 Franklin Street Boston, MA 02110 Mail Code: MA1-225-02-02 Attention: Asset Management Facsimile: (617) 346-2257
If to the Funding Lender prior to the Conversion Date:	Bank of America, N.A. 2000 Clayton Road, Bldg. D, 6th Floor Concord, CA 94520 Mail Code: CA4-704-06-06 Attention: Loan Administration Manager
If to the Funding Lender, following the Conversion Date:	California Community Reinvestment Corporation Suite 1000 100 West Broadway Glendale, CA 91210 Attention: President

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

Any party to this Funding Loan Agreement may change such party's address for the purpose of notice, demands, requests and communications required or permitted under this

Funding Loan Agreement by providing Written Notice of such change of address to all of the parties by Written Notice as provided herein.

Section 12.2. Term of Funding Loan Agreement. This Funding Loan Agreement shall be in full force and effect until all payment obligations of the Governmental Lender hereunder have been paid in full and the Funding Loan has been retired or the payment thereof has been provided for; except that on and after payment in full of the Governmental Lender Note, this Funding Loan Agreement shall be terminated, without further action by the parties hereto, provided however that the rights of the Governmental Lender to indemnity, non-liability and payment of all reasonable fees and expenses shall survive the cancellation and termination of this Funding Loan Agreement pursuant to this Section.

Section 12.3. Successors and Assigns. All covenants and agreements in this Funding Loan Agreement by the Governmental Lender shall bind its successors and assigns, whether so expressed or not. Except as otherwise provided herein, the terms of this Funding Loan Agreement and the Funding Loan Documents shall bind and inure to the benefit of the heirs, successors and assigns of the parties hereto.

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

Section 12.5. Governing Law. This Funding Loan Agreement and the Governmental Lender Note shall be governed by and shall be enforceable in accordance with the internal laws of the State, without regard to conflict of laws principles.

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

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

Section 12.8. Nonrecourse Obligation of the Borrower. Except as otherwise provided in the Borrower Loan Agreement, any obligations of the Borrower under this Funding Loan Agreement pursuant to Section 4.1.37 or other provisions of the Borrower Loan Agreement are without recourse to the Borrower or to the Borrower's partners or members, as the case may be,

and the provisions of Section 10.1 of the Borrower Loan Agreement are by this reference incorporated herein.

Section 12.9. Waiver of Trial by Jury. **IF AND TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, BOTH OF BORROWER AND THE FUNDING LENDER, BUT NOT THE GOVERNMENTAL LENDER, (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS FUNDING LOAN AGREEMENT OR THE RELATIONSHIP BETWEEN SUCH PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH SUCH PARTY, BUT NOT THE GOVERNMENTAL LENDER, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL. IF FOR ANY REASON THIS WAIVER IS DETERMINED TO BE UNENFORCEABLE, ALL DISPUTES WILL BE RESOLVED BY JUDICIAL REFERENCE PURSUANT TO THE PROCEDURES SET FORTH IN THE CONSTRUCTION DISBURSEMENT AGREEMENT.**

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

Section 12.11. Nondiscrimination and Affirmative Action. The Fiscal Agent shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State, and the City. The Fiscal Agent shall not discriminate in its employment practices against any employee or applicant for employment, or deny family and medical care leave, 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 Fiscal Agent shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). The Fiscal Agent shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Fiscal Agent shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Fiscal Agent shall also comply with all rules, regulations, and policies of the City's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the City. Any subcontract entered into by the Fiscal Agent relating to this Funding Loan Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, 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 Funding Loan Agreement. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

Section 12.12. Business Tax Registration Certificate. Subject to any exemption available to it, the Fiscal Agent represents that it will obtain and hold the Business Tax Registration Certificate(s) required by the City's Business Tax Ordinance (Article 1, Chapter 2, Section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Funding Loan Agreement, the Fiscal Agent shall maintain, or obtain as necessary, all such Business Tax Registration Certificates required of it, subject to any exemption available to it, under said Ordinance and shall not allow any such Business Tax Registration Certificate to be revoked or suspended.

Section 12.13. Child Support Assignment Orders. This Funding Loan Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, the Fiscal Agent certifies that: (1) it will fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (2) the principal owner(s) of the Fiscal Agent are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) it will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (4) it will maintain such compliance throughout the term of this Funding Loan Agreement. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Fiscal Agent to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Fiscal Agent to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Fiscal Agent under the terms of this Funding Loan Agreement, subjecting the Fiscal Agent to the removal hereunder where such failure shall continue for more than 90 days after notice of such failure to the Fiscal Agent by the Governmental Lender. Any subcontract entered into by the Fiscal Agent relating to this Funding Loan Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Fiscal Agent to obtain compliance of its subcontractors shall constitute a default by the Fiscal Agent under the terms of this Funding Loan Agreement, subjecting the Fiscal Agent to removal hereunder where such failure shall continue for more than 90 days after notice of such failure to the Fiscal Agent by the Governmental Lender. The Fiscal Agent shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. The Fiscal Agent hereby affirms that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in subdivision (b) of the Public Contract Code Section 7110.

Section 12.14. Americans with Disabilities Act. The Fiscal Agent shall be in full compliance with all federal and state laws, including those of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L. 110-325 and all subsequent amendments (the "ADA").

Under the ADA, the Fiscal Agent shall provide for reasonable accommodations to allow qualified individuals access to and participation in their programs, services and activities in accordance with the ADA. In addition, the Fiscal Agent shall not discriminate against individuals with disabilities nor against persons due to their relationship or association with a person with a disability. Any subcontract entered into by the Fiscal Agent, relating to this Funding Loan Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section.

Section 12.15. Reference Date. This Funding Loan Agreement is dated for reference purposes only as of [_____] 1, 2023, and will not be effective and binding upon the parties hereto unless and until the Closing Date occurs.

Section 12.16. 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 Responsible Banking Ordinance. The Funding Lender represents that it has, prior to the Closing Date, filed the report due by July 1, 2022, under the Responsible Banking Ordinance for calendar year 2021.

Section 12.17. Disclosure of Border Wall Contracting Ordinance. The Fiscal Agent shall comply with Los Angeles Administrative Code Section 10.50 et seq., "Disclosure of Border Wall Contracting". The Governmental Lender may declare a default under this Funding Loan Agreement if the Governmental Lender determines that the Fiscal Agent failed to fully and accurately complete the required affidavit and disclose all Border Wall Bids and Border Wall Contracts, as defined in Los Angeles Administrative Code Section 10.50.1.

[Remainder of Page Intentionally Left Blank]

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

BANK OF AMERICA, N.A., a national banking association, as Funding Lender

By _____
Name: Michael K. Petty
Title: Senior Vice President

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

By _____
Name: Julia Hommel
Title: Vice President

[Fiscal Agent Signature Page to ***Avalon 1355 Apartments Supplemental*** Funding Loan Agreement]

CITY OF LOS ANGELES, as Governmental Lender

By Los Angeles Housing Department

By:_____
Name: Daniel Huynh
Title: Assistant General Manager

Approved as to form:

HYDEE FELDSTEIN SOTO, City Attorney:

By _____
Deputy/Assistant City Attorney

[Governmental Lender Signature Page to ***Avalon 1355 Apartments Supplemental*** Funding Loan Agreement]

EXHIBIT A

FORM OF GOVERNMENTAL LENDER NOTE

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

CITY OF LOS ANGELES
MULTIFAMILY MORTGAGE REVENUE NOTE
(AVALON 1355 APARTMENTS)
SERIES 2023L

$[1,567,357] **[_____], 2023**

FOR VALUE RECEIVED, the undersigned CITY OF LOS ANGELES ("Obligor"), a municipal corporation and charter city of the State of California (the "State"), promises to pay to the order of BANK OF AMERICA, N.A. (together with its successors and assigns, "Holder"), solely from amounts pledged therefor under the below-defined Funding Loan Agreement, the maximum principal sum of [ONE MILLION FIVE HUNDRED SIXTY-SEVEN THOUSAND, THREE HUNDRED FIFTY-SEVEN] DOLLARS ($[1,567,357]), on February 1, 2044, or earlier as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

Obligor shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of [_____] 1, 2023 (the "Funding Loan Agreement"), among Obligor, U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"), and Holder, an amount in immediately available funds sufficient to pay the principal amount of [and Prepayment Premium, if any, on] this Governmental Lender Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts derived from proceeds of the Borrower Loan, condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on this Governmental Lender Note in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of this Governmental Lender Note so paid. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Funding Loan Agreement or the Borrower Loan Agreement as defined below.

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

The Funding Loan and this Governmental Lender Note are pass-through obligations relating to a construction and permanent loan (the "Borrower Loan") made by Obligor from proceeds of the Funding Loan to Avalon 1355 Partners, LP, a Delaware limited partnership, as borrower (the "Borrower"), under that certain Borrower Loan Agreement, dated as of [_____] 1, 2023 (as the same may be modified, amended or supplemented from time to time, the "Borrower Loan Agreement"), among the Obligor, Fiscal Agent, Bank of America, N.A. and the Borrower.

Reference is made to the Borrower Loan Agreement and to the Borrower Note for complete payment and prepayment terms of the Borrower Note, payments on which are passed-through under this Governmental Lender Note.

Notwithstanding any provision of this Governmental Lender Note or the Funding Loan Agreement to the contrary, the Obligor shall be permitted to direct Borrower Note prepayments to be transferred to a custodian or trustee selected by the Obligor, in lieu of application to prepay a like portion of this Governmental Lender Note, so long as the Obligor simultaneously causes other funds to be applied to prepay such portion of this Governmental Lender Note. The preceding provisions shall apply only for purposes of preserving or "recycling" private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

This Governmental Lender Note is a limited obligation of the Obligor, payable solely from the Pledged Revenues and other funds and moneys and Security pledged and assigned under the Funding Loan Agreement.

THIS GOVERNMENTAL LENDER NOTE IS NOT AN OBLIGATION, EITHER GENERAL OR SPECIAL, AND DOES NOT CONSTITUTE A PLEDGE OF THE GENERAL CREDIT OR TAXING POWER, OF THE OBLIGOR, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, BUT IS PAYABLE SOLELY FROM THE PROJECT REVENUES AND PROPERTY PLEDGED THEREFOR IN THE FUNDING LOAN AGREEMENT AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE OBLIGOR. NEITHER THE OBLIGOR, THE STATE NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE HEREON. 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 OBLIGOR IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THIS GOVERNMENTAL LENDER NOTE OR OTHER COSTS INCIDENT THERETO. THIS GOVERNMENTAL LENDER NOTE IS NOT A DEBT OF THE UNITED STATES OF AMERICA.

NO RECOURSE UNDER OR UPON ANY OBLIGATION, COVENANT, WARRANTY OR AGREEMENT CONTAINED IN THE FUNDING LOAN AGREEMENT OR IN THIS GOVERNMENTAL LENDER NOTE, OR UNDER ANY JUDGMENT OBTAINED AGAINST THE OBLIGOR, OR THE ENFORCEMENT OF ANY ASSESSMENT, OR ANY LEGAL OR EQUITABLE PROCEEDINGS BY VIRTUE OF ANY CONSTITUTION OR STATUTE OR OTHERWISE, OR UNDER ANY CIRCUMSTANCES UNDER OR INDEPENDENT OF THE FUNDING LOAN AGREEMENT, SHALL BE HAD AGAINST THE MAYOR, THE CITY COUNCIL OR ANY OF THE MEMBERS, OFFICERS, AGENTS OR EMPLOYEES OF THE OBLIGOR, AS SUCH, PAST, PRESENT OR FUTURE OF THE OBLIGOR, EITHER DIRECTLY OR THROUGH THE OBLIGOR OR OTHERWISE, FOR THE PAYMENT FOR OR TO THE OBLIGOR OR ANY RECEIVER OF THE OBLIGOR, OR FOR OR TO THE OWNER OF THIS GOVERNMENTAL LENDER NOTE, OR OTHERWISE, OF ANY SUM THAT MAY BE DUE AND UNPAID BY THE OBLIGOR UPON THIS GOVERNMENTAL LENDER NOTE. ANY AND ALL PERSONAL LIABILITY OF EVERY NATURE WHETHER AT COMMON LAW OR IN EQUITY OR BY STATUTE OR BY

CONSTITUTION OR OTHERWISE OF THE MAYOR, THE CITY COUNCIL OR OF ANY SUCH MEMBER, OFFICER, AGENT OR EMPLOYEE, PAST, PRESENT OR FUTURE, OF THE OBLIGOR, AS SUCH, BY REASON OF ANY ACT OF OMISSION ON HIS OR HER PART OR OTHERWISE, FOR THE PAYMENT FOR OR TO THE OWNER OF THIS GOVERNMENTAL LENDER NOTE OR OTHERWISE OF ANY SUM THAT MAY REMAIN DUE AND UNPAID UPON THIS GOVERNMENTAL LENDER NOTE SECURED BY THE FUNDING LOAN AGREEMENT OR ANY OF THEM IS, BY THE ACCEPTANCE OF THIS GOVERNMENTAL LENDER NOTE, EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND IN CONSIDERATION FOR THE EXECUTION OF THE FUNDING LOAN AGREEMENT AND THE ISSUANCE OF THIS GOVERNMENTAL LENDER NOTE.

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

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

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

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

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

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

Subject to the limits on liability set forth herein and in the Funding Loan Agreement, and solely from the collateral pledged therefor, Obligor shall pay all costs of collection on demand by

the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement.

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

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

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

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

OBLIGOR:

(SEAL)

CITY OF LOS ANGELES

_____
City Treasurer

By _____
Mayor

CERTIFICATE OF AUTHENTICATION

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

Date of Authentication:_____

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

By:_____
Name: _____
Title: _____

EXHIBIT B

FORM OF REQUIRED TRANSFEREE REPRESENTATIONS

City of Los Angeles
Los Angeles, California

Kutak Rock LLP
Omaha, Nebraska

U.S. Bank Trust Company, National Association
Los Angeles, California

$[1,567,357]
City of Los Angeles
Multifamily Mortgage Revenue Note
(Avalon 1355 Apartments)
Series 2023L

[_____], 20[__]

The undersigned as holder (the "Holder") of a loan (the "Funding Loan") in the aggregate maximum principal amount of $[1,567,357] from BANK OF AMERICA, N.A.(the "Funding Lender") to the CITY OF LOS ANGELES (the "Governmental Lender") under a Funding Loan Agreement dated as of [_____] 1, 2023 (the "Funding Loan Agreement") among the Funding Lender, U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as fiscal agent (the "Fiscal Agent") and the Governmental Lender (the "Funding Loan") which Funding Loan is evidenced by the Multifamily Mortgage Revenue Note (Avalon 1355 Apartments) Series 2023L (the "Governmental Lender Note") issued under the Funding Loan Agreement, hereby represents and warrants to you as follows:

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 Funding Loan. The Holder is 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 Funding Loan and the Funding Loan, the Governmental Lender Note and the security therefor so that, as a reasonable investor, the Holder has been able to make its decision to extend the Funding Loan and purchase the Governmental Lender Note. In entering into this transaction the Holder acknowledges that it has not relied upon any representations or opinions of the Governmental Lender relating to the legal consequences to the Funding Lender or other aspects of its making the Funding Loan and acquiring the Governmental Lender Note, nor has it looked to, nor expected the Governmental Lender to undertake or require any credit investigation or due diligence reviews

relating to the Borrower, its financial condition or business operations, the Project (including the financing or management thereof), or any other matter pertaining to the merits or risks of the transactions contemplated by the Funding Loan Agreement and the Borrower Loan Agreement, or the adequacy of the funds pledged to the Funding Lender to secure repayment of the Governmental Lender Note.

3. The Holder is an Approved Transferee.

4. The Holder acknowledges that it is purchasing the Governmental Lender 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 Governmental Lender Note; provided, however, that the Holder may sell or transfer the Governmental Lender Note in whole or any participation interests in the Governmental Lender 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 Governmental Lender 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 Governmental Lender Note is a limited obligation of the Governmental Lender, payable solely from funds and moneys pledged and assigned under the Funding Loan Agreement, and that the liabilities and obligations of the Governmental Lender with respect to the Governmental Lender Note are expressly limited as set forth in the Funding 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 official of the Governmental Lender, each employee of the Governmental Lender, 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 Counsel in connection with the authorization, execution and delivery of the Governmental Lender Note and the Holder's purchase of the Governmental Lender 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 Governmental Lender Note. The Holder recognizes and agrees that the Governmental Lender, by each official of 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 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 Governmental Lender 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 Governmental Lender Note.

7. The Holder understands that (a) the Governmental Lender 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 Governmental Lender Note, and the Holder

acknowledges that the Governmental Lender Note is a speculative investment and that there is a high degree of risk in such investment.

8. The Holder acknowledges that the Governmental Lender Note is a limited obligation of the Governmental Lender, payable solely from funds and moneys pledged and assigned under the Funding Loan Agreement, and is not an obligation payable from the general revenues or other funds of the Governmental Lender, the State or any political subdivision of the State. The Holder acknowledges that the Governmental Lender is issuing the Governmental Lender Note on a conduit, nonrecourse basis, and has no continuing obligations with respect thereto except as expressly set forth in the Funding Loan Agreement.

9. The Holder agrees to indemnify and hold harmless the Governmental Lender, the Governmental Lender's officials, officers, directors, employees, agents, attorneys, accountants, advisors, consultants, servants 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 Funding Loan in violation of the provisions hereof or of the Funding Loan Agreement or any inaccuracy in any statement made by the Holder in these representations.

10. The Holder has the authority to make the Funding Loan and acquire the Governmental Lender Note and to execute this letter and other documents and instruments required by the executed by the Holder in connection with its acquisition of the Governmental Lender Note. The individual who is executing this letter on behalf of the undersigned is a duly appointed, qualified and authorized signatory for the Holder and authorized to cause the Holder to make the certifications, representations and warranties contained herein by the execution of this letter on behalf of the Holder.

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

[Signature Page to Required Transferee Representations]

BANK OF AMERICA, N.A., as Holder

By _____
Name: Michael K. Petty
Title: Senior Vice President

EXHIBIT C

FORM OF WRITTEN REQUISITION
(Project Fund)

Draw #_____

U.S. Bank Trust Company, National Association
633 W. 5th Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust

Re: City of Los Angeles Multifamily Mortgage Revenue Note (Avalon 1355 Apartments) Series 2023L dated [_____], 2023

This requisition is being delivered to you in accordance with the Funding Loan Agreement dated as of [_____] 1, 2023 (the "Funding Loan Agreement") among Bank of America, N.A. (the "Funding Lender"), the City of Los Angeles (the "Governmental Lender") and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent") pursuant to which the above-referenced note (the "Governmental Lender Note") was issued. Capitalized terms not defined herein shall have the meanings assigned thereto in the Funding Loan Agreement.

1. You are requested to disburse funds in the amount of $_____ from the [Note Proceeds Account] [and/or $_____ from the [Borrower Equity Account] of the Project Fund as Draw #_____ pursuant to Section 7.7 of the Funding Loan Agreement in the amount(s) and to the person(s) as follows:

Amount	Source	Payable to:
$[_____]	[identify name(s) of Account(s) of Project Fund in Funding Loan Agreement]	[Borrower's account #] [third party payment/wire instructions must be attached]

2. The undersigned certifies that:

(i) the obligation stated on this Requisition has been incurred in or about the acquisition, construction 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;

(ii) [for requisitions from the Note Proceeds Account] this Requisition contains no items representing any Costs of Funding or any other amount constituting an issuance cost under Section 147(g) of the Code and payment of the costs referenced herein will not violate any representation, warranty or covenant of the Borrower in the Borrower Loan Agreement, the Regulatory Agreement or the Tax Certificate;

(iii) [for requisitions from the Note Proceeds Account] not less than 95% of the sum of: (a) the amounts requisitioned by this Requisition to be funded from the Note Proceeds Account of the Project Fund; plus (b) 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 (as defined in the Regulatory Agreement);

(iv) 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

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

3. You hereby authorize the Funding Lender to use the wire instructions contained in Exhibit G of the Funding Loan Agreement to wire the funds to the Fiscal Agent, and the Funding Lender may continue to rely on these instructions until it shall have received any written notice of modification or revocation from you.

Dated: _____, 20_____

AVALON 1355 PARTNERS, LP, a Delaware limited partnership

By: Avalon 1355 BC, LLC, a California limited liability company, its managing general partner

By: Brilliant Corners, a California nonprofit public benefit corporation, its sole member

By:_____
Name: William F. Pickel
Title: Chief Executive Officer

By: Avalon 1355 GP, LLC, a Delaware limited liability company, its administrative general partner

By: TRG Avalon 1355 Member, LLC, a Delaware limited liability company, its sole member and manager

By:_____
Name: Rick Westberg
Title: Executive Vice President

Approved by the Funding Lender:

BANK OF AMERICA, N.A.

By _____
Name: Michael K. Petty
Title: Senior Vice President

Date _____

[Signature Page to ***Avalon 1355 Apartments Supplemental*** Written Requisition]

Acknowledged by the Governmental Lender:

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

CITY OF LOS ANGELES

By Los Angeles Housing Department

By: _____
Name: _____
Title: _____

Date: _____

[Governmental Lender Signature Page to ***Avalon 1355 Apartments Supplemental*** Project Fund Requisition]

EXHIBIT D

FORM OF CLOSING COSTS REQUISITION

U.S. Bank Trust Company, National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071Attention:
Global Corporate Trust

Re: City of Los Angeles Multifamily Mortgage Revenue Note (Avalon 1355 Apartments), Series 2023L, dated [_____], 2023

The undersigned, an Authorized Representative of Avalon 1355 Partners, LP, a Delaware limited partnership (the "Borrower"), hereby certifies to you that he/she is authorized and empowered to submit this requisition to you and that attached hereto as Schedule "A" is a schedule of issuance costs incurred in connection with the closing of the funding loan evidenced by the above described Governmental Lender Note (the "Governmental Lender 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 Funding Loan Agreement dated as of [_____] 1, 2023 (the "Funding Loan Agreement") among Bank of America, N.A. (the "Funding Lender"), the City of Los Angeles (the "Governmental Lender") and U.S. Bank Trust Company, National Association, as Fiscal Agent pursuant to which the Governmental Lender Note was issued and delivered. You are hereby instructed to withdraw from the Closing Costs Fund created under the Funding Loan Agreement the amounts shown across from each payee listed on Schedule "A" hereto and pay such amounts to each such payee by wire transfer or by such other means as is acceptable to you and any such payee.

Very truly yours,

Date:

AVALON 1355 PARTNERS, LP, a Delaware limited partnership

By: Avalon 1355 BC, LLC, a California limited liability company, its managing general partner

By: Brilliant Corners, a California nonprofit public benefit corporation, its sole member

By:_____
Name: William F. Pickel
Title: Chief Executive Officer

By: Avalon 1355 GP, LLC, a Delaware limited liability company, its administrative general partner

By: TRG Avalon 1355 Member, LLC, a Delaware limited liability company, its sole member and manager

By:_____
Name: Rick Westberg
Title: Executive Vice President

[Borrower Signature Page to ***Avalon 1355 Apartments*** Costs of Issuance Requisition]

BANK OF AMERICA, N.A.

By _____
Name: Michael K. Petty
Title: Senior Vice President

Date _____

[Borrower Signature Page to ***Avalon 1355 Apartments*** Costs of Issuance Requisition]

Acknowledged by the Governmental Lender:

CITY OF LOS ANGELES

By Los Angeles Housing Department

By _____
Name: Daniel Huynh
Title: Assistant General Manager

Date _____

[Governmental Lender Signature Page to ***Avalon 1355 Apartments*** Costs of Issuance Requisition]

SCHEDULE "A"

Note: City of Los Angeles Multifamily Mortgage Revenue Note (Avalon 1355 Apartments), Series 2023L, dated [_____], 2023

Payee:

Amount:

Method of Payment:

Description of Expense:

EXHIBIT E

INITIAL DEPOSITS AT CLOSING

Sources	Note Proceeds Account	Borrower Equity Account	Closing Costs Fund	Expense Fund	Total
Governmental Lender Note	$	$ 0	$ 0	$ 0	$
Equity	$ 0	$0	$	$ 0	$
Total	$	$0	$	$ 0	$

EXHIBIT F

FORM OF RESPONSIBLE BANKING ORDINANCE CERTIFICATE

RESPONSIBLE BANKING ORDINANCE
REPRESENTATIONS AND COVENANTS OF BANK

[_____, 20_]

City of Los Angeles
Los Angeles, California

$[1,567,357]
City of Los Angeles
Multifamily Mortgage Revenue Note
(Avalon 1355 Apartments)
Series 2023L

Ladies and Gentlemen:

The undersigned on behalf of [_____] (the "Bank") does hereby certify to the following as of the date of this certificate, relating to the Bank's purchase from the City of Los Angeles (the "City") of the City's $[1,567,357] initial principal amount of Multifamily Mortgage Revenue Note (Avalon 1355 Apartments) Series 2023L:

(a) The Bank shall file with the City Treasurer of the City by July 1 of each year an annual statement of community reinvestment activities as required of a commercial bank under the City's Ordinance 182138 adopted May 25, 2012 (the "Responsible Banking Ordinance"); and

(b) The Bank represents that it has, prior to the date hereof, filed with the City Treasurer the report due by July 1, 20[__] under the Responsible Banking Ordinance for calendar year 20[__].

[Remainder of this page intentionally left blank.]

Very truly yours,

[BANK]

By _____
Name _____
Title _____

EXHIBIT G

FISCAL AGENT WIRING INSTRUCTIONS

Bank Name: U.S. Bank National Association

Bank City and State: 60 Livingston Avenue
St. Paul, MN 55101

ABA Number: 091000022

Account Name: U.S. Bank Trust

Account Number: 180121167365

For Further Credit Account Name: (LA Avalon 1355)

Reference: TFM Analyst (651-466-6121)

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

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

AMENDED AND RESTATED REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

by and among

CITY OF LOS ANGELES,
as City

and

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

and

AVALON 1355 PARTNERS, LP,
as Borrower

relating to

$15,675,000
City of Los Angeles
Multifamily Mortgage Revenue Note
(Avalon 1355 Apartments)
Series 2022A

$[1,567,357]
City of Los Angeles
Multifamily Mortgage Revenue Note
(Avalon 1355 Apartments)
Series 2023L

Dated as of [_____] 1, 2023

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EXHIBIT D	[RESERVED]
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EXHIBIT F	FORM OF CONSTRUCTION COMPLETION CERTIFICATE

EXHIBIT G CDLAC RESOLUTION
EXHIBIT H [RESERVED]
EXHIBIT I ACCESSIBILITY COVENANTS
EXHIBIT J FORM OF CERTIFICATE OF QUALIFIED PROJECT PERIOD

AMENDED AND RESTATED REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

THIS AMENDED AND RESTATED REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this "Agreement" or this "Regulatory Agreement") is made and entered into and dated as of [_____] 1, 2023, by and among the **CITY OF LOS ANGELES**, a charter city and municipal corporation in the State of California (together with any successor to its rights, duties and obligations, the "City"), **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association in its capacity as Fiscal Agent (the "Fiscal Agent") under those two Funding Loan Agreements, one dated as of February 1, 2022 (the "2022 Funding Loan Agreement") and the other dated as of [_____] 1, 2023 (together, the "Funding Loan Agreement") each by and among the City, Bank of America, N.A., as Funding Lender and the Fiscal Agent, with an office in Los Angeles, California, and **AVALON 1355 PARTNERS, LP**, a Delaware limited partnership (the "Borrower").

W I T N E S S E T H :

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

WHEREAS, on May 11, 2021, the City indicated its intent to provide for the issuance of a revenue bond or note to finance a portion of the acquisition, construction and equipping of Avalon 1355, a multifamily residential rental housing project which will be located in the City of Los Angeles at 1355 North Avalon Boulevard (formerly known as 1335-1359 North Avalon Boulevard) on the site more particularly described in Exhibit A hereto (the "Project") and the City Council of the City subsequently adopted resolutions (together, the "Resolution") authorizing the issuance of notes for such purpose; and

WHEREAS, in furtherance of the purposes of the Law, the Act and the Resolution, and as a part of the City's program of financing housing, the City has issued $15,675,000 maximum principal amount of its Multifamily Mortgage Revenue Note (Avalon 1355 Apartments) Series 2022A (the "2022 Note") and $[1,567,357] maximum principal amount of its Multifamily Mortgage Revenue Note (Avalon 1355 Apartments) Series 2023L (the "2023L Note" and together with the 2022 Note, the "Note") the proceeds of which have and will be used to fund a loan (the "Loan") to the Borrower to finance a portion of the acquisition, construction and equipping of the Project; and

WHEREAS, in connection with the issuance of the 2022 Note, the City, the Fiscal Agent and the Borrower entered into that Regulatory Agreement and Declaration of Restrictive Covenants dated as of February 1, 2022 (the "2022 Regulatory Agreement") which was recorded in the official records of the County of Los Angeles on [_____], 2022 as Instrument No. 2022-[_____]; and

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

WHEREAS, the City, the Fiscal Agent and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction and equipping of the Project and in order to ensure that the Project will be used and operated in accordance with the Code, the Law, the Act and the additional requirements of the City and the California Debt Limit Allocation Committee ("CDLAC");

WHEREAS, the City, the Fiscal Agent and the Borrower desire, as evidenced by their execution of this Regulatory Agreement, to fully amend and restate the 2022 Regulatory Agreement in whole with the provisions of this Regulatory Agreement effective as of the date hereof; and

WHEREAS, the City and the Fiscal Agent have received an opinion of Bond Counsel as required by the 2022 Regulatory Agreement regarding the amendment and restatement thereof pursuant to this Regulatory Agreement;

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

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

"*2023 Closing Date*" means the date upon which the 2023L Note is initially funded in an amount equal to at least $50,001.

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

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

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

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

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

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

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

"*Borrower*" means Avalon 1355 Partners, LP, a Delaware limited partnership, and its successors and assigns.

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

"*CDLAC Conditions*" has the meaning given such term in Section 33 hereof.

"*CDLAC Resolution*" means, collectively, CDLAC Resolution No. 21-156, adopted on August 11, 2021 and CDLAC Resolution No. 22-304, adopted on December 1, 2022, each attached to this Regulatory Agreement as Exhibit G and relating to the Project, as such resolutions may be modified or amended from time to time.

"*Certificate of CDLAC Program Compliance*" means the Certification of Compliance II for Qualified Residential Rental Projects, or equivalent form, to be filed with the City at the times specified in Section 33(a) of this Regulatory Agreement, such report to contain the information set forth in and to be in substantially the form attached hereto as Exhibit E or such other form required or otherwise provided by CDLAC from time to time.

"*Certificate of Continuing Program Compliance*" means the Certificate of Continuing Program Compliance and Statistical Report to be filed by the Borrower with the City and the Fiscal Agent at the times specified in Sections 4(d) and (f) of this Regulatory Agreement, such report to

contain the information set forth in and to be in substantially the form attached hereto as Exhibit B or such other form as may from time to time be prescribed by the City.

"*Certificate of Qualified Project Period*" means the certificate to be filed by the Borrower upon commencement of the Qualified Project Period in substantially the form attached hereto as Exhibit J.

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

"Closing Date" or *"Note Closing Date"* means the date upon which the 2022 Note was initially funded in an amount equal to at least $50,001.

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

"*Completion Date*" means the date of the completion of the acquisition, construction and equipping of the Project, as that date shall be certified as provided in Section 2(i) hereof as specified in the Construction Completion Certificate.

"*Compliance Period*" means the period beginning on the first day of the Qualified Project Period and ending on the later of the end of the Qualified Project Period or such later date as set forth in Section 33 of this Regulatory Agreement.

"*Construction Completion Certificate*" means a written certification signed by an Authorized Borrower Representative certifying among other things to the substantial completion of the Project and delivered to the City, the Fiscal Agent and CDLAC not more than 30 months after the Closing Date, in substantially the form of Exhibit F attached hereto or such other form required or otherwise provided by CDLAC from time to time.

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

"*Costs of Issuance*" means costs of issuing the Note defined in the Funding Loan Agreement as "Governmental Lender Closing Costs."

"*Determination of Taxability*" means either (a) refusal by the Borrower to consent to any amendment or supplement hereto or to the Funding Loan Agreement which, in the written opinion of Bond Counsel delivered to the City, the Fiscal Agent, the Funding Lender and the Borrower, is necessary or advisable to maintain the exclusion of interest on the Note from gross income for federal income tax purposes; or (b) any of (i) the enactment of applicable legislation of which the Fiscal Agent has actual knowledge, (ii) a final judgment or order of a court of original or appellate jurisdiction of which the Fiscal Agent has actual knowledge, (iii) a final ruling or decision of the Internal Revenue Service of which the Fiscal Agent has actual knowledge or (iv) the filing with the Fiscal Agent of an opinion of Bond Counsel, in each case to the effect that the interest on the Note (other than interest on the Note for any period during which such Note is held by a "substantial user" of any facility financed with the proceeds of the Note or a "related person," as such terms are used in Section 147(a) of the Code) is includable in the gross incomes of all

recipients thereof for federal income tax purposes. With respect to the foregoing, a judgment or order of a court or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal has expired.

"*Equity Investor*" shall mean U.S.A. Institutional Tax Credit Fund CXLI L.P., a Delaware limited partnership, or any other successor entity in such entity's capacity as a limited partner of the Borrower, and its permitted successors and assigns.

"*Fiscal Agent*" means U.S. Bank Trust Company, National Association, in its capacity as fiscal agent under the Funding Loan Agreement, together with its successors and assigns.

"*Funding Loan Agreement*" means, collectively the Funding Loan Agreement dated as of February 1, 2022 and the Funding Loan Agreement dated as of [_____] 1, 2023, each by and among the City, the Funding Lender and the Fiscal Agent relating to the issuance of the Note, as amended, modified, supplemented or restated from time to time.

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

"*Hazardous Materials Laws*" means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials or the protection of human health or the environment and apply to the Borrower or to the Project. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et seq., and their state analogs.

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

"*HUD*" means the U.S. Department of Housing and Urban Development and any successor agency.

"*Income Certification*" means, initially, an Income Certification in such form as may from time to time be provided by the City to the Borrower and, with respect to recertifications, such form as may, from time to time, be provided by the City to the Borrower.

"*Inducement Date*" means May 11, 2021.

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

"*Loan Agreement*" means collectively, the Borrower Loan Agreement dated as of February 1, 2022 and the Borrower Loan Agreement dated as of [_____] 1, 2023, each by and among the City, the Funding Lender, the Fiscal Agent and the Borrower, as amended or supplemented from time to time.

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

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

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

"*Note*" means the notes authorized, authenticated and delivered under the Funding Loan Agreement, as defined in the recitals hereto.

"*Note Documents*" means the Funding Loan Agreement, the Loan Agreement, this Regulatory Agreement, the Tax Certificate and any other document now or hereafter executed by the Borrower, City, Fiscal Agent or Noteholder in connection with the Note.

"*Noteholder*" or "*Owner*" or "*Holder*" means the party identified as the owner of the Note on the registration books maintained by the Fiscal Agent on behalf of the City.

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

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

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

"*Project Site*" means the parcels of real property having the street addresses of 1355 North Avalon Boulevard (formerly known as 1335-1359 North Avalon Boulevard) in the City of Los Angeles, California and all rights and appurtenances thereunto appertaining, as more particularly described in Exhibit A attached hereto.

"*Qualified Project Costs*" means the Project Costs (excluding issuance costs) incurred not earlier than the date 60 days prior to the Inducement Date which either constitute land or property of a character subject to the allowance for depreciation under Section 167 of the Code, or are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Note during the construction of the Project shall constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing on or after the Completion Date shall not be Qualified Project Costs; and provided finally that if any portion of the Project is being constructed by the Borrower or an Affiliated Party (whether as a general contractor or a subcontractor), "Qualified Project Costs" shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such Affiliated Party in constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliated Party due

to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute "Qualified Project Costs" unless, at the time Note proceeds are expended to pay such costs, the Borrower and the seller of such assets are not "related parties" as such term is defined in Section 1.150-1(b) of the Regulations.

"*Qualified Project Period*" means the period beginning on the first day on which 10% of the dwelling units in the Project are first occupied and ending on the later of: (a) (i) the date which is 15 years after the date on which 50% of the dwelling units in the Project are first occupied, (ii) the first date on which no Tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding or (iii) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates; or (b) the date which is 55 years from the date on which 50% of the dwelling units in the Project are first occupied.

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

"*Tax Certificate*" means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated the Closing Date, and that Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated the 2023 Closing Date, each executed and delivered by the City and the Borrower, as amended, modified, supplemented or restated from time to time.

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

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender and words of the singular number shall be construed to include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

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

provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

In the event of any conflict between this Regulatory Agreement and the CDLAC Conditions, the most restrictive requirement shall govern.

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

(a) The Borrower has incurred, a substantial binding obligation to commence the acquisition of the Project Site and construction and equipping of the Project, pursuant to which the Borrower is or will be obligated to expend at least 5% of the proceeds of the Loan financed from proceeds of the Note.

(b) The Borrower's reasonable expectations respecting the total cost of the acquisition, construction and equipping of the Project are accurately set forth in the Borrower Cost Certificates (the "Borrower Cost Certificate") submitted to the City on the Closing Date and the 2023 Closing Date, respectively.

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

(d) The Borrower agrees that the full amount of each disbursement of Note proceeds pursuant to the Funding Loan Agreement and the Loan Agreement will be applied to pay or to reimburse the Borrower for the payment of Project Costs as set forth in the Borrower Cost Certificate and that, after taking into account each such disbursement, (i) the aggregate disbursements of Note proceeds will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an aggregate amount equal to 97% or more of the aggregate disbursements of the Loan; provided, however, that if the Borrower provides the Fiscal Agent with an opinion of Bond Counsel to the effect that the Tax-exempt status of interest on the Note will not be adversely affected if less than the aforesaid percentage, but not less than 95%, is disbursed for such purpose, then the certificate may refer to such lesser percentage as may be specified by Bond Counsel; and (ii) less than 25% of the proceeds of the Note expended relative to the Project Site will be disbursed to pay or to reimburse the Borrower for the cost of acquiring land or rights with respect to land relative to the Project Site (exclusive of the cost of acquiring improvements on such land).

(e) [Reserved].

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

(g) [Reserved].

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

(i) The Borrower shall, on the Completion Date, evidence the Completion Date by providing a Construction Completion Certificate to CDLAC, the Fiscal Agent and the City, signed by the Authorized Borrower Representative. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Borrower against third parties for the payment of any amount not then due and payable which exist at the date of such certificate or which may subsequently exist. The Construction Completion Certificate shall be delivered to the Fiscal Agent no later than the date 30 months from the Closing Date unless the Borrower delivers to the Fiscal Agent a certificate of the City consenting to an extension of such date, accompanied by an opinion of Bond Counsel to the effect that such extension will not result in interest on the Note being included in gross income for federal income tax purposes.

(j) The Borrower agrees to spend additional moneys for payment of any costs of the Project sufficient to reduce the portion of Note proceeds (A) spent on land by the Borrower relative to the Project Site to an amount that is less than 25% of the amount of Note proceeds spent by the Borrower relative to the Project Site for all purposes and (B) spent on costs of the Project paid or incurred by or on account of the Borrower or any "related person" (as such term is used in Section 147(a)(2) of the Code) on or after the date 60 days prior to the Inducement Date and chargeable to the capital account of the Project

(or so chargeable either with a proper election by the Borrower to deduct such amounts, within the meaning of Treasury Regulation Section 1.103-8(a)(1)) so that the amount of Note proceeds expended on such Qualified Project Costs is at least 97% of the amount of Note proceeds spent for all purposes related to the Project, except that, upon receipt by the Borrower, the Fiscal Agent and the City of an approving opinion of Bond Counsel, the percentage of such amounts so used may be 95%.

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

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

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

(b) All of the dwelling units in the Project will be similarly constructed units, and each Low Income Unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range and oven, a sink and a refrigerator. Each of the Accessible Housing Units (as defined in Exhibit I attached hereto) shall also comply with the requirements of Exhibit I. Notwithstanding the foregoing, a unit shall not fail to be treated as a residential unit merely because such unit is a single room occupancy unit within the meaning of Section 42(i)(3)(B)(iv) of the Code even though such housing may provide eating, cooking and sanitation facilities on a shared basis.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park. Notwithstanding the foregoing, single-room occupancy units provided under

Section 42(i)(3)(B)(iv) of the Code shall not be considered to be utilized on a transient basis.

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

(e) All of the dwelling units (which shall not include any manager units) in the Project will be available for rental on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent of the following: (1) any dwelling units that are required to be leased or rented to Low Income Tenants, (2) to the extent not otherwise inconsistent with the requirements of this Section 3(e), the requirements of any regulatory agreement executed between the Borrower and HUD or between the Borrower and a subordinate lender (including the City), (3) the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, (4) any preference the Borrower gives to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law, and (5) Accessible Housing Units shall be made available to persons with disabilities as provided in Exhibit I.

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

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

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

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

(j) Should involuntary noncompliance with the provisions of Regulations Section 1.103-8(b) be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the City from enforcing the requirements of the Regulations or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, and subject to the provisions of the Funding Loan Agreement and the Loan Agreement, it will either prepay

the Loan or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

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

(a) The Project will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with the Law and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. Within 30 days after the date on which 50% of the dwelling units in the Project are occupied by tenants providing an Income Certification, the Borrower shall execute and deliver to the City (with a copy to the Los Angeles Housing Department, Occupancy Monitoring Section, 1200 West 7th Street, 8th Floor, Los Angeles, CA 90017) and a copy to CDLAC and the Fiscal Agent, a Certificate of Qualified Project Period.

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

(c) No tenant qualifying as a Low Income Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Low Income Tenants; provided, however, that should a Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low Income Tenant of the same family size, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant; and provided further that, until such next available unit is rented to a tenant who is not a Low Income Tenant, the former Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant for purposes of the 40% requirement of subsection (b) of this Section 4 (if applicable). If the Project consists of more than one building, this requirement shall apply on a building-by-building basis.

(d) The Borrower will obtain, complete and maintain on file Income Certifications from each Low Income Tenant, including (i) an Income Certification dated

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

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

(f) The Borrower will prepare and submit to the City and the Fiscal Agent, no later than the fifteenth day of each month following the receipt by the Fiscal Agent of the Construction Completion Certificate to and including the month in which such report indicates that 40% of the occupied units (excluding units occupied by property managers) are occupied by Low Income Tenants, and thereafter no later than the fifteenth day of each February and August until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Borrower stating (i) the percentage of the dwelling units of the Project which were occupied or deemed occupied, pursuant to subsection (b) of this Section 4, by Low Income Tenants during such period; (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement, or (B) a default has occurred, in which event the certificate shall describe the nature of the default in detail and set forth the measures being taken by the Borrower to remedy such default; and (iii) that, to the knowledge of the Borrower, no Determination of Taxability has occurred, or if a Determination of Taxability has occurred, setting forth all material facts relating thereto.

(g) On or before each February 15 during the Qualified Project Period, the Borrower will submit to the City a draft of the completed Internal Revenue Service

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

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

(i) Pursuant to the CDLAC Conditions attached hereto and for the entire term of the Regulatory Agreement, the Project shall consist of 53 units plus 1 manager unit of which at least 53 qualified residential units shall be rented or held vacant for rental for persons or families whose income is at or below 50% of the area median income as shown in the chart below:

Unit Type	**At or below 50% AMI**	**Unrestricted Manager's Unit**	**Total Number of Units**
Studio	37	0	**37**
1 Bedroom	16	0	**16**
2 Bedroom	0	1	**1**
Total	**53**	**1**	**54**

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

(a) The Borrower and the City will not knowingly take or permit actions within their control, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-exempt nature of the interest on the Note and, if either should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof, provided that the Borrower shall not have violated these covenants if

the interest on the Note becomes taxable to a person solely because such person is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code.

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

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

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

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

(f) The Borrower and any related party (as defined in Section 1.150-1(b) of the Regulations) thereto shall not acquire the Note in an amount related to the amount of the Loan.

Section 6. Additional Requirements of the Act. In addition to the requirements set forth in Sections 2 through 5, and without limiting any additional requirements in Section 7, during the Qualified Project Period, the Borrower and the City hereby agree to comply with each of the requirements of the Act, all provisions in the Health and Safety Code of the State of California applicable to "affordable housing units" as defined therein and, without limiting the foregoing, the Borrower hereby specifically agrees to comply with each of the requirements set forth in this Section 6, as follows:

(a) As provided in Section 52097.5 of the Act, not less than 40% of the total number of units in the Project (excluding units occupied by property managers) shall be

reserved for occupancy by tenants whose adjusted gross income does not exceed 60% of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 42(g)(2)(C) of the Code.

(b) The Gross Rents (as defined in Code of California Regulations Section 5170) paid by the tenant for the units reserved pursuant to paragraph (a) of this Section (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to those occupants or on behalf of those units) shall not exceed the amount derived by multiplying 30% times 60% of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 42(g)(2)(C) of the Code.

(c) During the Qualified Project Period the Borrower shall file Certificates of Continuing Program Compliance in the form and at the time required by Sections 4(d) and (f) hereof that shall contain sufficient information to allow the City to file any annual report required by the Act or pursuant to California Government Code Section 8855.5 and the Borrower shall provide to the California Debt and Investment Advisory Commission any annual report information required by California Government Code Section 8855(k)(1) until the later of the date the Note is no longer outstanding or the proceeds of the Note have been fully spent.

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) [Reserved].

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

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

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

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

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

(j) All workers performing construction or rehabilitation work for the Project employed by the Borrower or by any contractor or subcontractor shall be compensated in an amount no less than the greatest of (i) the general prevailing rate of per diem wages ("Prevailing Wages") as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations, (ii) the general prevailing rate of per diem wages as determined by the U.S. Labor Department pursuant to the Davis–Bacon Act under 40 U.S.C.S. 3141–3148 and implementing regulations ("Davis-Bacon Wages"), if applicable; and (iii) the "Living Wage" as determined by the policies and procedures of the City of Los Angeles. The Borrower shall comply with all

reporting and recordkeeping requirements of the City's prevailing wage policy. The Borrower shall, and shall cause the contractors and subcontractors to, submit data and documents related to Prevailing Wages or Davis-Bacon Wages, if applicable, using the LCP Tracker or comparable LAHD-approved program. The fee for the LCP Tracker, or comparable LAHD-approved program, will be in the amount equal to three one-hundredths percent (0.03%) of the total construction cost, which fee shall be paid in full to the City within 30 days of execution of this Agreement.

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

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

(m) The Borrower shall give written notice to all Low Income Tenants at the Project, the City, the Housing Authority of the City of Los Angeles ("HACLA") and the California Department of Housing and Community Development ("HCD") as follows (see also California Government Code Sections 65863.10 and 65863.11):

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

(ii) Thirty-six months prior to the termination of the rent restriction period under this Regulatory Agreement, the Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market-rent levels. The Borrower must also provide a copy of the notice sent to all tenants, pursuant to California Government Code Section 65863.10, to the Mayor of the City, HACLA, HCD, and the Los Angeles Housing Department. In addition, the Borrower, within 36 months of a scheduled expiration of rental restrictions, shall also provide notice of the scheduled

expiration of rent restrictions to any prospective tenant at the time he or she is interviewed for eligibility.

(iii) Twelve months prior to the termination of the rent restriction period under this Regulatory Agreement, the Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels. The Borrower must also provide a copy of the notice sent to all tenants, pursuant to California Government Code Section 65863.10, to the Mayor of the City, HACLA, HCD, and the Los Angeles Housing Department. The Borrower must also provide any tenant association at the Project, the Mayor of the City, HACLA, and HCD with a notice of the opportunity to purchase the Property in accordance with the provisions of California Government Code Section 65863.11.

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

(v) Ninety days prior to the termination of the rent restriction period under this Regulatory Agreement, the Borrower must again give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels. The Borrower must also provide a copy of the notice sent to all tenants to the Mayor of the City, HACLA, HCD, and the Los Angeles Housing Department.

Unless the Borrower meets the requirements of California Government Code Section 65863.13, pursuant to California Government Code Section 65863.11, prior to or concurrently with the twelve month notice referenced above in (iii), the Borrower must provide notice of the opportunity to offer to purchase the assisted housing development to all qualified entities including those on the list maintained by the California Department of Housing and Community Development as well as to those qualified entities that contact the Borrower directly, in compliance with California Government Code Sections 65863.11(d) and 65863.11(g). The notice shall conform to the requirements of California Government Code Section 65863.11(h) and shall be sent to the entities by registered or certified mail, return receipt requested. The Borrower shall also post a copy of the notice in a conspicuous place in the common area of the Project.

(n) The Borrower shall, on the Closing Date and the 2023 Closing Date, as applicable, pay to the City its initial fees and thereafter pay to the City its ongoing fees with respect to the issuance of each Note as follows. On the 2023 Closing Date, the Borrower shall pay the City an initial fee immediately upon issuance of the 2023L Note equal to $[_____] (.25% of the maximum principal amount of the 2023L Note ($[1,567,357])). The City acknowledges receipt on the Closing Date of the sum of

$39,187.50 (.25% of the maximum principal amount of the 2022 Note ($15,675,000)). In addition, the Borrower shall, as compensation for the City's monitoring of the provisions of this Regulatory Agreement, pay to the City, semiannually in arrears, prorated for the initial payment, on the first day of each February and August commencing August 1, 2022, for the period from the date of issuance of the 2022 Note through the end of the Qualified Project Period, prorated for the initial and any subsequent partial period (including such period during which only the 2022 Note was outstanding), a semiannual amount equal to: (A) during the period from the Closing Date to the Conversion Date, the greater of $1,500 or one-half of 0.125% of the combined maximum principal amount of the Note issuable under the Funding Loan Agreement ($[17,242,357]) and (B) from and after the Conversion Date, the greater of $1,500 or one half of 0.125% of the principal amount of the Note outstanding under the Funding Loan Agreement immediately after the Conversion Date; or in either case, such lesser amount as shall be necessary in the opinion of Bond Counsel to preserve the exemption of interest on the Note from gross income for federal income tax purposes. Throughout the term of this Agreement, the Fiscal Agent, the City or any servicer of the Loan, as applicable, shall provide an invoice to the Borrower monthly or at least 30 days prior to the due date of each such payment (a copy of which shall be provided to the City) and the Borrower shall remit such payments to the Fiscal Agent, the City, or such servicer of the Loan, as applicable. Funds received by the Fiscal Agent or any servicer of the Loan shall be paid to the City when due. In the event of any prepayment of the Note in whole, prior to the end of the Qualified Project Period, the Borrower, at its election, shall either: (A) pay to the City, on or before such payment, an amount equal to the present value of the remaining City fees payable hereunder, as calculated by the City, using a discount rate equal to the yield on the date of prepayment on the United States treasury security maturing on the date nearest the end of the Qualified Project Period, or such lesser amount as shall be necessary in the opinion of Bond Counsel to preserve the exemption of interest on the Note from gross income for federal income tax purposes; or (B) enter into a fiscal agent agreement with a corporate fiscal agent acceptable to the City requiring the fiscal agent appointed thereunder to bill and collect from the Borrower and to pay to the City on an annual basis, in arrears on or before each February 1, the annual fee described above. The Borrower shall bear the cost of such fiscal agent through the term of this Regulatory Agreement. The Borrower shall not be required to pay the fee described in the preceding sentences if the Note is prepaid in whole under circumstances which permit termination of this Regulatory Agreement pursuant to Section 14 hereof.

(o) The Borrower shall pay to the City a processing fee equal to the greater of: (i) $5,000; or (ii) 0.125% of the permanent principal amount of the Note, plus any expenses incurred by the City, including, without limitation, Bond Counsel, City attorney and financial advisor fees, as a condition to the consideration and receipt of any consent, approval, amendment, transfer or waiver requested of the City with respect to the Project, the Project Site or the Note, including, but not limited to, any amendment and/or restatement of the Funding Loan Agreement, the Borrower Loan Agreement or the other Funding Loan Documents effective on or about the Conversion Date. The City shall provide an invoice directly to the Borrower for such amounts.

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

(q) The Fiscal Agent shall report to the City in writing semiannually, within 10 days of each June 30 and December 31, the principal amount of the Note outstanding as of such June 30 or December 31, as appropriate.

(r) [Reserved].

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

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

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

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

Any of the foregoing requirements of the City may be expressly waived by the City in writing in the City's sole discretion, but (i) no waiver by the City of any requirement of this Section 7 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement, including particularly but without limitation the provisions of Sections 2 through 6 hereof, except to the extent the City has received an opinion of Bond Counsel that any such provision is not required by the Act or the Law and may be waived without adversely affecting the exclusion from gross income of interest on the Note for federal income tax purposes; and (ii) any

requirement of this Section 7 shall be void and of no force and effect if the City and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Note to become includable in gross income for federal income tax purposes, if such opinion is accompanied by a copy of a ruling from the Internal Revenue Service to the same effect, or to the effect that compliance with such requirement would be in conflict with the Act or the Law.

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

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

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

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

Section 9. Indemnification. The Borrower shall defend, indemnify and hold harmless the City and the Fiscal Agent and the respective officers, members, supervisors, directors, officials and employees, counsel, attorneys and agents, past present and future of each of them (collectively,

the "Indemnified Parties") against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to (a) the design, construction, installation, operation, use, occupancy, maintenance, financing or ownership of the Project (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto), (b) any written statements or representations with respect to the Borrower, the Project or the Note made or given to the City or the Fiscal Agent, or any underwriters or purchaser of the Note, or any tenants or applicants for tenancy in the Project or any other person, by the Borrower, or any Authorized Borrower Representative, including, but not limited to, statements or representations of facts, financial information or limited partnership affairs, (c) the Note or the Tax-exempt status of interest on the Note, (d) the failure or alleged failure of any person or entity (including the Borrower, or its contractor or subcontractors) to pay the general prevailing rate of per diem wages as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations in connection with the construction of the improvements or any other work undertaken or in connection with the Project; or (e) any actual or alleged violation of any Hazardous Materials Law or with respect to the presence of Hazardous Materials on or under the Project or in any of improvements or on or under any property of the Borrower that is adjacent to the Project (whether before or after the date of this Agreement and whether or not the Borrower knew of the same); provided, however, that this provision shall not require the Borrower to indemnify the Indemnified Parties from any claims, costs, fees, expenses or liabilities arising from its active negligence or willful misconduct or, in the case of the Fiscal Agent, its negligence, fraud or willful misconduct. The Borrower also shall pay and discharge and shall indemnify and hold harmless the City and the Fiscal Agent from (i) any lien or charge upon payments by the Borrower to the City and the Fiscal Agent hereunder or under the Note Documents and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges are sought to be imposed, the City or the Fiscal Agent shall give prompt notice to the Borrower and the Borrower shall, as provided in the following paragraph, have the right to assume the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion, provided that the City and the Fiscal Agent shall have the right to review and approve or disapprove any such compromise or settlement. In addition thereto, the Borrower will pay upon demand all of the reasonable fees and expenses paid or incurred by the Fiscal Agent and/or the City in enforcing the provisions hereof against the Borrower. The Borrower shall also pay the City its standard fees and reimburse the City for its expenses in connection with any consent, approval, amendment, waiver or other action taken at the request or for the benefit of the Borrower in connection with this Regulatory Agreement, the Note or any other document or agreement relating thereto. In the event of any audit or inquiry regarding the Note or the Project from any governmental entity, the Borrower shall, at the election of the City, be responsible for responding to and resolving such audit or inquiry at the expense of the Borrower.

Promptly after receipt by any party entitled to indemnification under this Section 9 of notice of the commencement of any suit, action or proceeding, such Indemnified Party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 9, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have

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

Section 10. Consideration. The City has issued the Note to provide funds to finance the acquisition, construction and equipping of the Project, all for the purpose, among others, of inducing the Borrower to acquire, construct and equip the Project. In consideration of the issuance of the Note by the City, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

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

respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

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

Section 13. Sale or Transfer of the Project; Equity Interests. The Borrower hereby covenants and agrees not to voluntarily (which term shall not be interpreted to include a foreclosure of any security for the Loan, the granting by the Borrower of a deed-in-lieu of foreclosure, or any other comparable conversion of the Loan) sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder), equity interests in the Borrower aggregating more than 50% of the equity interest in the Borrower, or any general partner interests in the Borrower, without obtaining the prior written consent of the City, which consent shall not be unreasonably withheld by the City and shall be given by the City if (a) the Borrower is not in default hereunder or under the Loan Agreement; (b) the purchaser or assignee is not in default under any obligations it may have to the City and is not the subject of any legal or enforcement actions by the City, and the purchaser or assignee certifies that the continued operation of the Project will comply with the provisions of this Regulatory Agreement; (c) evidence reasonably satisfactory to the City is presented to establish that the purchaser or assignee is willing to comply and is capable of complying with the terms and conditions of this Regulatory Agreement; (d) either (i) evidence satisfactory to the City is presented to establish that the purchaser or assignee has at least three years' experience in the ownership, operation and management of rental housing projects, without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects, (ii) the purchaser or assignee agrees to retain a property management firm which the City determines has the experience and record described in subclause (i) above or (iii) the City determines that it has no reason to believe that the purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements binding on such purchaser or assignee and relating to the Project; (e) the City and the Fiscal Agent shall have received (i) with respect to any transfer of the Project, reasonable evidence satisfactory to the City that the Borrower's purchaser or transferee has assumed in writing and in full, the Borrower's duties and obligations under this Regulatory Agreement and the Loan Agreement, (ii) with respect to any transfer of the Project to a new Borrower, an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iii) unless waived by the City, an opinion of Bond Counsel that such transfer will not adversely affect the Tax-exempt nature of the interest on the Note, (iv) from the Borrower, a Certificate of Continuing Program Compliance (and a "bring-down" certificate, if necessary) current as of the date of transfer and (v) evidence satisfactory to the City that the purchaser or assignee does not have pending against it, nor does it have a history of, building or fire code violations as identified by City, the State of California or federal regulatory agencies; (f) the purchaser or assignee complies with the provisions of the Los Angeles Administrative Code Section 10.8.4 Affirmative Action Program Provisions; (g) the Borrower or transferee pays all costs of the transfer of title, including, but not limited to, the cost of meeting the conditions specified in this Section 13; and (h) such other conditions are met as the City may reasonably impose to assure compliance by the Project with the requirements of this Regulatory Agreement. It is hereby expressly stipulated and agreed that, except for any such sale, transfer or disposition agreed to by the City in a separate writing, any

sale, transfer or other disposition of the Project in violation of this Section 13 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Upon any sale or other transfer which complies with this Regulatory Agreement, the Borrower shall be fully released from its obligations hereunder, but only to the extent such obligations have been assumed by the transferee of the Project, without the necessity of further documentation. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 13.

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

Notwithstanding anything to the contrary contained herein, the interest of the Borrower's Equity Investor shall, with prior written notice to the City, be transferable under this Regulatory Agreement to any affiliate of the Equity Investor, without the consent of the City and/or Fiscal Agent but with prior written notice thereto.

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

Section 14. Term. This Regulatory Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section 14, shall terminate in its entirety at the end of the Qualified Project Period (or such later date provided in Section 33 hereof pursuant to the CDLAC Resolution, which imposes restrictions for a term of at least 55 years), it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Note, discharge of the Loan and termination of the Funding Loan Agreement and the Loan Agreement.

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

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement and all the requirements set forth herein (except Section 9 as aforesaid) shall terminate and be of no further force and effect in the event of (a) involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal

law or an action of a federal agency after the Closing Date which prevents the City or the Fiscal Agent from enforcing the provisions hereof, or (b) condemnation, foreclosure, delivery of a deed in lieu of foreclosure or a similar event, but only if, within a reasonable period thereafter, either the portion of the Note attributable to the affected portion of the Project is retired or amounts received as a consequence of such event are used to provide a project which meets the requirements of the Code set forth in Sections 2 through 6 of this Regulatory Agreement and provided that, in either case, an opinion of Bond Counsel (unless waived by the City) is delivered to the Fiscal Agent to the effect that the exclusion from gross income for federal income tax purposes of interest on the Note will not be adversely affected thereby. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any "related party" (within the meaning of Section 1.150-1(b) of the Regulations) or "related person" (defined in Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any related party as described above will obtain an ownership interest in the Project for tax purposes.

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

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

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

Section 16. Burden and Benefit. The City and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's interests in the Project are rendered less valuable thereby. The City and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the

Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Note was issued. Notwithstanding the foregoing or any other provision of this Regulatory Agreement, no person, other than the parties hereto, shall have any rights of enforcement of this Regulatory Agreement.

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

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

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

(a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the City or the Fiscal Agent hereunder;

(b) have access to and inspect, examine and make copies of all or any portion of the books and records of the Borrower pertaining to the Project; and

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

During the Qualified Project Period, the Borrower hereby grants to the City the option, upon either (a) the expiration of 60 days after the giving of the notice to the Borrower referred to in the first paragraph of this Section 18 of the Borrower's default under this Regulatory Agreement or (b) the vacancy of a Low Income Unit for more than six months and the submission by the City

to the Borrower during such six-month or longer period of at least five proposed tenants which meet the qualifications of Low Income Tenants and the qualifications of a reasonable landlord, to lease up to 40% of the units in the Project for a rental of $1.00 per unit per year for the sole purpose of subleasing such units to Low Income Tenants for a period of not less than six months, but only to the extent necessary to comply with the provisions of Sections 2 through 7 of this Regulatory Agreement and to insure full occupancy of the Low Income Units. The option granted in the preceding sentence shall be effective only if the Borrower or the Fiscal Agent has not instituted corrective action before the end of such 60-day period referenced in (a) above, or the Borrower has not rented the unit during the six-month or longer period referenced in (b) above, to a qualified Low Income Tenant. The option and any leases to the City under this provision shall terminate with respect to each default upon the achievement, by the Borrower, the Fiscal Agent or the City, of compliance with the requirements of Sections 2 through 7 hereof, and any subleases entered into pursuant to the City's option shall be deemed to be leases from the Borrower. The City shall make diligent effort, but shall not be required, to rent Low Income Units to Low Income Tenants at the highest rents practicable, subject to the limits of Sections 5, 6 and 7 hereof. Any rental paid under any such sublease shall be paid to the Borrower after the City has been reimbursed for any reasonable expenses incurred in connection with such sublease, provided that, if the Borrower is in default under the Loan Agreement, such rental shall be paid to the Fiscal Agent for credit against payments due under the Loan Agreement. The Fiscal Agent shall have the right, as directed by the City, in accordance with this Section 18 and the provisions of the Funding Loan Agreement, to exercise any or all of the rights or remedies of the City hereunder, provided that prior to taking any such action the Fiscal Agent shall give the City written notice of its intended action. All reasonable fees, costs and expenses of the City and the Fiscal Agent incurred in taking any action pursuant to this Section 18 shall be the sole responsibility of the Borrower.

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

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

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

Section 19. The Fiscal Agent. The Fiscal Agent shall act as specifically provided herein and in the Funding Loan Agreement. The Fiscal Agent is entering into this Regulatory Agreement solely in its capacity as fiscal agent under the Funding Loan Agreement, and the duties, powers, rights and liabilities of the Fiscal Agent in acting hereunder shall be subject to the provisions of the Funding Loan Agreement.

The City shall be responsible for monitoring and verifying compliance by the Borrower with the terms of this Regulatory Agreement. The Fiscal Agent may at all times assume

compliance with this Regulatory Agreement unless otherwise notified in writing by the City, or unless it has actual knowledge of noncompliance.

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

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

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

Section 22. Amendments. Except as provided in Section 33(e), this Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Los Angeles, California, and only upon receipt by the City of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-exempt status of interest on the Note and is not contrary to the provisions of the Law or the Act and with the written consent of the Fiscal Agent.

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

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

If to the City:	City of Los Angeles Los Angeles Housing Department 8th Floor 1200 West 7th Street Los Angeles, CA 90017 Attention: Supervisor, Affordable Housing Bond Program HIMS# 20-127766 Facsimile: (213) 808-8918
with a copy to:	City of Los Angeles Los Angeles Housing Department P.O. Box 532729 Los Angeles, CA 90053-2729 HIMS# 20-127766 Attention: Supervisor, Affordable Housing Bond Program Facsimile: (213) 808-8606
If to Borrower:	Avalon 1355 Partners, LP c/o JDF, LLC 777 West Putnam Avenue Greenwich, CT 06830 Attention: Joanne D. Flanagan, Esq. Telephone: (203) 869-0900 Facsimile: (203) 869-1034
with a copy to:	Avalon 1355 BC, LLC c/o Brilliant Corners 527 West 7th Street, 11th Floor Los Angeles, CA 90014 Attention: Vanessa Luna
And (which shall not constitute notice to Borrower):	Nelson Mullins Riley & Scarborough LLP 390 North Orange Avenue, Suite 1400 Orlando, FL 32801 Attention: David F. Leon, Esq.
with a copy to Investor:	U.S.A. Institutional Tax Credit Fund CXLI L.P. c/o Richman Fund Manager 777 West Putnam Avenue Greenwich, CT 06830 Attention: Joanne D. Flanagan, Esq.

with a copy to:	JDF, LLC 777 West Putnam Avenue Greenwich, CT 06830 Attention: Joanne D. Flanagan, Esq.
If to the Fiscal Agent:	U.S. Bank Trust Company, National Association 633 West 5th Street, 24th Floor Los Angeles, CA 90071 Attention: Global Corporate Trust Ref: LA MF (Avalon 1355 2022A and 2023L) Telephone: (213) 615-6024 Facsimile: (213) 615-6199
If to CDLAC:	California Debt Limit Allocation Committee Room 311 915 Capitol Mall Sacramento, CA 95814 Attention: Executive Director

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

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

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

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

Section 26. Nondiscrimination and Affirmative Action. The Fiscal Agent and the Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. The Fiscal Agent and the Borrower shall not discriminate in their 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 Fiscal Agent and the Borrower shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). The Fiscal Agent and the Borrower shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Fiscal Agent and the Borrower shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Borrower and the 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. Any subcontract entered into by the Borrower or Fiscal Agent relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, 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 Regulatory Agreement. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) define specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

Section 27. Business Tax Registration Certificate. Subject to any exemption available to it, the Fiscal Agent and the Borrower each represent that it will obtain and hold the Business Tax Registration Certificate(s) required by the City's Business Tax Ordinance (Article 1, Chapter 2, Section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Regulatory Agreement, each of the Fiscal Agent and the Borrower shall maintain, or obtain as necessary, all such Business Tax Registration Certificates required of it under said Ordinance and shall not allow any such Business Tax Registration Certificate to be revoked or suspended.

Section 28. Financial Obligations Personal to Borrower. The City acknowledges that the Project shall be encumbered by the Note Documents. Notwithstanding any provisions of this Regulatory Agreement to the contrary, all obligations of the Borrower under this Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under this Regulatory Agreement, including indemnification obligations, shall not be a lien on the Project and no Person shall have the right to enforce such obligations other than directly against the Borrower as provided in Section 18 of this Regulatory Agreement, except that the City shall have the right at all times to enforce the rights contained in the third paragraph of Section 18 hereof. No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligations of the Borrower under this Regulatory Agreement on the part of any prior Borrower, including, but not limited to, any payment or indemnification obligation. Such obligations are personal to the Person who was the Borrower at the time the default or breach was alleged to have occurred and such Person shall remain liable for any and all damages occasioned thereby even after such Person ceases to be the Borrower. Each Borrower shall comply with and be fully liable for all obligations of an "owner" hereunder during its period of ownership.

Section 29. [Reserved].

Section 30. Child Support Assignment Orders. This Regulatory Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, each of the Borrower and the Fiscal Agent certifies that (a) it will fully comply with all State and federal employment reporting requirements applicable to Child Support Assignment Orders; (b) the principal owner(s) of the Borrower are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (c) 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 (d) it will maintain such compliance throughout the term of this Regulatory Agreement. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Borrower or the 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 Borrower or the Fiscal Agent to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Borrower or the Fiscal Agent, as appropriate, under the terms of this Regulatory Agreement, subjecting (i) the Borrower to the remedies provided herein and (ii) the Fiscal Agent to termination under the Funding Loan Agreement where, in either case, such failure shall continue for more than 90 days after notice of such failure to the Borrower or the Fiscal Agent by the City. Any subcontract entered into by the Borrower or the Fiscal Agent relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Borrower or the Fiscal Agent to obtain compliance of its subcontractors shall constitute a default by the Borrower or the Fiscal Agent, as appropriate, under the terms of this Regulatory Agreement, subjecting (A) the Borrower to the remedies provided herein and (B) the Fiscal Agent to termination under the Funding Loan Agreement where such failure shall continue for more than 90 days after notice of such failure to the Borrower or the Fiscal Agent by the City.

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

Section 31. Americans with Disabilities Act. The Borrower and the Fiscal Agent each hereby certifies that it and any contractor and subcontractor will comply with the Accessibility Laws (as defined in Exhibit I). The Borrower and any contractor and subcontractor will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services, and activities in accordance with the applicable provisions of the ADA, the ADAAG, Section 504, the UFAS, the FHA (each as defined in Exhibit I) and all subsequent amendments. The Borrower, the Fiscal Agent and each and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any contract and subcontract entered into by the Borrower or the Fiscal Agent, relating to this Regulatory Agreement and the Project, to the extent allowed hereunder, shall be subject to the provisions of this paragraph. The Borrower

hereby agrees to observe all of the covenants contained in Exhibit I to this Regulatory Agreement as if contained herein.

Section 32. Slavery Disclosure Ordinance. This Regulatory Agreement is subject to the Slavery Disclosure Ordinance, Section 10.41 et seq., of the Los Angeles Administrative Code as amended from time to time. Any subcontract entered into by the Borrower for work to be performed under this Regulatory Agreement must include an identical provision. The Borrower acknowledges and agrees that failure to fully and accurately complete the required affidavit and disclosures, may result in a default under this Regulatory Agreement.

Section 33. Requirements of CDLAC. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 2 through 6 hereof, the Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 33, as follows:

(a) The Borrower shall comply with the conditions set forth in Exhibit A to the CDLAC Resolution (the "CDLAC Conditions"), as they may be modified or amended from time to time, which conditions are incorporated herein by reference and made a part hereof and are attached hereto as Exhibit G. Notwithstanding anything to the contrary herein, the provisions of this Section 33 shall remain effective for the period specified in the CDLAC Conditions, unless this Regulatory Agreement shall terminate as otherwise provided in Section 14 hereof.

(b) The Borrower acknowledges that the City shall monitor the Borrower's compliance with the terms of the CDLAC Conditions. The Borrower will cooperate fully with the City in connection with such monitoring and reporting requirements as provided herein. Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions is the responsibility of the Borrower to report to the City.

(i) The Borrower shall prepare and deliver a Certificate of CDLAC Program Compliance pursuant to the terms of the CDLAC Conditions. The Borrower acknowledges that the Borrower will prepare and submit to the City not later than January 15 of each year, and the City will submit to CDLAC not later than March 1 of each year, until the Borrower has submitted to the City and CDLAC a Construction Completion Certificate, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Certificate of CDLAC Program Compliance, executed by an Authorized Borrower Representative.

(ii) The Borrower shall prepare and deliver a Self-Certification Certificate pursuant to the terms of the CDLAC Conditions. The Borrower acknowledges that the Borrower will prepare and submit to the City, not later than January 15 of each year, and the City will submit to CDLAC, not later than March 1 of each year, until the Borrower has submitted to the City and CDLAC a Construction Completion Certificate, and on March 1 every three years thereafter

(such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Self-Certification Certificate in the form provided by CDLAC.

(iii) Within 30 days following the completion of the Project, the Borrower will prepare and submit to the City, the Fiscal Agent and CDLAC, a Construction Completion Certificate. Following the submission of the Construction Completion Certificate, the Borrower will prepare and submit to the City, not later than January 15 every three years thereafter until the end of the Compliance Period, a California Tax Credit Allocation Committee Project Status Report or equivalent documentation in substantially the form required or otherwise provided by CDLAC from time to time.

(c) Except as otherwise provided in Section 14 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least fifty percent (50%) of the units in the Project are first occupied or such later date as the Qualified Project Period shall begin, as required by the CDLAC Conditions.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Project, (ii) any change in the issuer of the Note, (iii) any change in the name of the Project or the Project manager; (iv) any default under the Funding Loan Agreement, the Loan Agreement or this Regulatory Agreement; or (v) termination of this Regulatory Agreement.

(e) Any of the foregoing requirements of CDLAC contained in this Section 33 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 33 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the City has received an opinion of Bond Counsel that any such provision is not required by the Code, the Act and the Law and may be waived without adversely affecting the exclusion from gross income of interest on the Note for federal income tax purposes; and (ii) any requirement of this Section 33 shall be void and of no force and effect if the City and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Note to cease to be Tax-exempt or to the effect that compliance with such requirement would be in conflict with the Code, the Act, the Law or any other state or federal law.

(f) CDLAC is intended to be and is a third-party beneficiary of this Regulatory Agreement, and CDLAC shall have the right (but not the obligation) to enforce, separately or jointly with the City and/or the Fiscal Agent or to cause the City or the Fiscal Agent to enforce, the provisions of Section 33 of this Regulatory Agreement and to pursue an action for specific performance of such provisions or other available remedy at law or in equity in accordance with Section 18 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the Noteholder and shall otherwise be subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

(g) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Borrower after the Closing Date or the 2023 Closing Date, as applicable, at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of Los Angeles County, California, of a regulatory agreement between the Borrower and the California Tax Credit Allocation Committee ("TCAC Regulatory Agreement") shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by the Borrower, with the prior written consent of the Funding Lender, which will not be unreasonably withheld, and approved by CDLAC. The City may, in its sole and absolute discretion, require the Borrower to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the real property records of the County of Los Angeles. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions. Where the consent of the Funding Lender is not required, the Borrower shall provide notice to the Funding Lender of any revisions to the CDLAC Conditions.

Section 34. Pet Ownership in Publicly-Financed Housing Developments. The Borrower shall comply with the Pet Ownership in Publicly-Financed Housing Developments Ordinance, Los Angles Municipal Code Sections 51.20., et seq., as amended from time to time.

Section 35. Disclosure of Border Wall Contracting Ordinance. The Borrower and the Fiscal Agent shall comply with Los Angeles Administrative Code Section 10.50 et seq., "Disclosure of Border Wall Contracting". The City may declare a default under this Regulatory Agreement if the City determines that the Fiscal Agent or the Borrower failed to fully and accurately complete the required affidavit and disclose all Border Wall Bids and Border Wall Contracts, as defined in Los Angeles Administrative Code Section 10.50.1.

Section 36. Amendment to 2022 Regulatory Agreement. The terms of this Regulatory Agreement amend and restate the terms of the 2022 Regulatory Agreement in whole as of the date hereof.

[Remainder of page intentionally left blank]

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

CITY OF LOS ANGELES, as City

By: Los Angeles Housing Department

By _____
Name: Daniel Huynh
Title: Assistant General Manager

Approved as to form:

CITY OF LOS ANGELES
HYDEE FELDSTEIN SOTO, City Attorney

_____
Deputy/Assistant City Attorney

[Signature page to ***Avalon 1355 Apartments Supplemental*** Regulatory Agreement]

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

By _____
Name: Julia Hommel
Title: Vice President

[Signature Page to ***Avalon 1355 Apartments Supplemental*** Regulatory Agreement]

AVALON 1355 PARTNERS, LP, a Delaware limited partnership

By: Avalon 1355 BC, LLC, a California limited liability company, its managing general partner

By: Brilliant Corners, a California nonprofit public benefit corporation, its sole member

By:_____
Name: William F. Pickel
Title: Chief Executive Officer

By: Avalon 1355 GP, LLC, a Delaware limited liability company, its administrative general partner

By: TRG Avalon 1355 Member, LLC, a Delaware limited liability company, its sole member and manager

By:_____
Name: Rick Westberg
Title: Executive Vice President

[Signature Page to ***Avalon 1355 Apartments Supplemental*** Regulatory Agreement]

NOTARY ACKNOWLEDGMENT STATEMENT

State of California

County of _____)

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

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

WITNESS my hand and official seal.

Signature _____ [SEAL]

NOTARY ACKNOWLEDGMENT STATEMENT

State of California

County of _____)

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

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

WITNESS my hand and official seal.

Signature _____ [SEAL]

NOTARY ACKNOWLEDGMENT STATEMENT

State of California

County of _____)

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

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

WITNESS my hand and official seal.

Signature _____ [SEAL]

NOTARY ACKNOWLEDGMENT STATEMENT

State of California

County of _____)

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

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

WITNESS my hand and official seal.

Signature _____ [SEAL]

EXHIBIT A

DESCRIPTION OF PROJECT SITE

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOTS 164, 165, 166, 167, 168, 169 AND 170, ALL IN TRACT 1756, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 21, PAGE 92 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM LOTS 164 TO 170 INCLUSIVE THE EASTERLY 12 FEET AS CONDEMNED FOR WIDENING OF AVALON BOULEVARD, IN LOS ANGELES COUNTY SUPERIOR COURT CASE NO. 305258, A CERTIFIED COPY THEREOF BEING RECORDED IN BOOK 15463, PAGE 204 OFFICIAL RECORDS.

SAID DESCRIPTION IS MADE PURSUANT TO CERTIFICATE OF COMPLIANCE NO. 78-050, RECORDED JUNE 9, 1978 AS INSTRUMENT NO. 1978-624757 OFFICIAL RECORDS.

APN: 7210-013-023, 7210-013-026, 7210-013-900 AND 7210-013-901

EXHIBIT B

FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

FOR THE [MONTH/QUARTER] ENDING _____

City of Los Angeles
Multifamily Mortgage Revenue Note
(Avalon 1355 Apartments)
Series 2022A

City of Los Angeles
Multifamily Mortgage Revenue Note
(Avalon 1355 Apartments)
Series 2023L

The undersigned, being the Authorized Borrower Representative of Avalon 1355 Partners, LP, a Delaware limited partnership (the "Borrower"), has read and is thoroughly familiar with the provisions of the various loan documents associated with the Borrower's participation in the multifamily housing program of the City of Los Angeles (the "City"), including, without limitation, the Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [_____] 1, 2023 (the "Regulatory Agreement"), among the Borrower, the City and U.S. Bank Trust Company, National Association, as Fiscal Agent relative to the property located at 1355 North Avalon Boulevard (formerly known as 1335-1359 North Avalon Boulevard), Los Angeles, California.

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

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

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

Attached is a separate sheet (the "Occupancy Summary") listing, among other items, the following information for each unit in the Project: the number of each unit, the occupants of each unit and the size, in square feet, of each unit. It also indicates which units are occupied by Low Income Tenants and which units became Low Income Units during the preceding [month/quarter]. The information contained thereon is true and accurate.

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

AVALON 1355 PARTNERS, LP, a Delaware limited partnership

By: Avalon 1355 BC, LLC, a California limited liability company, its managing general partner

By: Brilliant Corners, a California nonprofit public benefit corporation, its sole member

By:_____
Name: William F. Pickel
Title: Chief Executive Officer

By: Avalon 1355 GP, LLC, a Delaware limited liability company, its administrative general partner

By: TRG Avalon 1355 Member, LLC, a Delaware limited liability company, its sole member and manager

By:_____
Name: Rick Westberg
Title: Executive Vice President

[Signature Page to ***Avalon 1355 Apartments*** Certificate of Program Compliance]

EXHIBIT C

[RESERVED]

EXHIBIT D

[RESERVED]

EXHIBIT E

FORM OF CERTIFICATE OF CDLAC PROGRAM COMPLIANCE

1. Project Name Change: _____Yes____ No____
(If project name has changed since the award of allocation, please note the new project name as well as the original project name.)

New: _____ Original: _____

2. CDLAC Application No.: 21-541 and 22-708

3. Bond Issuer Change: _____Yes____ No____
(If Bond Issuer name has changed since the award of allocation, please note the new name.)

New: _____ Original: _____
Address: _____
Phone: _____
Email: _____

4. Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred? Yes____ No____
(If yes, there is no need to complete the rest of this form. Please complete this form through #4.)

5. Borrower Change: _____Yes____ No____
(If borrower has changed since the award affecting the CDLAC resolution, please note the new borrower.)

New: _____ Original: _____
Address: _____
Phone: _____
Email: _____

6. Management Company Change: _____Yes____ No____
(If yes, please provide the following information for the New Management Company.)

New: _____
Address: _____
Phone: _____
Email: _____

7. Has the Qualified Project Period commenced? Yes____ No____
(If yes, please submit the Certificate of Completion…ONE TIME ONLY.)
☐Already Submitted Certification

8. Has the project been completed and placed in service? Yes____ No____
(If yes, please submit the Certificate of Completion…ONE TIME ONLY.)
☐Already Submitted Certification

9. Has any of the following events occurred associated with the bond allocation: Yes____ No____
   a. Notices of defaults associated with rents and income requirements
   b. Bond Default
   c. Qualified Bond Default.

(*If yes, please describe and explain on separate sheet)*

10.

Federally Bond Restricted Units (Reflected in PSR)	Other Restrictions (Reflected in PSR)	Total (Reported in CDLAC Resolution)
_____ @ 50% AMI	_____ @ 50% AMI	_____ @ 50% AMI
_____ @ 60% AMI	_____ @ 60% AMI	_____ @ 60% AMI

Please attach a copy of the project's TCAC Project Status Report (PSR) or equivalent documentation.

11. Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units

Bedroom Type	# of Units in PSR	# of Units in CDLAC Resolution
1 Bedroom	_____	_____
2 Bedroom	_____	_____
3 Bedroom	_____	_____

12. If the project has committed to and is currently providing the service amenities for a term as specified in the CDLAC resolution, please verify the services are being provided: on a regular and ongoing basis, which are provided free of charge and all hour requirements are being met:

____ After-School Programs
____ Educational, Health & Wellness or skill development classes
____ Health & Wellness services and programs (not group classes)
____ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)
____ Bona-Fide Service Coordinator/Social Worker

Is the service being offered on an ongoing basis and provided free of charge (childcare excluded)?
Yes____ No____

Are all hour requirements being met? Yes____ No____

Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and/or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

Pursuant to Section 13 of Resolutions No. 21-156 and 22-304 (together, the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on August 11, 2021 and December 1, 2022, respectively, I, _____, an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the Resolution, which specifies that once the Bond is issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

_____	_____
Signature of Officer	Date
_____	_____
Printed Name of Officer	Phone No.
_____	
Title of Officer	

EXHIBIT F

FORM OF CONSTRUCTION COMPLETION CERTIFICATE

City of Los Angeles
Multifamily Mortgage Revenue Note
(Avalon 1355 Apartments)
Series 2022A

City of Los Angeles
Multifamily Mortgage Revenue Note
(Avalon 1355 Apartments)
Series 2023L

1) Project Name: Avalon 1355
(If project name has changed since the award of allocation, please note the original project name as well as the new project name and request a change in the CDLAC resolution.)
Original: _____

2) CDLAC Application No.: 21-541 and 22-708

3) Name of Bond Issuer: City of Los Angeles

4) Name of Borrower: Avalon 1355 Partners, LP
(If Borrower has changed name since the award, please note the original Borrower as well as the new Borrower and request a change in the CDLAC Resolution.)
Original: _____

5) The undersigned hereby certifies that all work on the Project was substantially completed as of _____ __, 20___.

The undersigned hereby further certifies that:
(a) the aggregate amount disbursed on the Loan to date is $[_____]

(b) all amounts disbursed from proceeds of the Note have been applied to pay or reimburse the undersigned for the payment of Project Costs (as that term is used in the Regulatory Agreement) and none of the amounts disbursed from the proceeds of the Note have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) at least 95% of the amounts disbursed from the proceeds of the Note have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25% of the amounts disbursed from the proceeds of the Note, exclusive of amounts applied to pay the costs of issuing the Note, have been applied to pay or reimburse the Borrower for the cost of acquiring land.

6) The undersigned hereby certifies the Project meets the general federal rule for a Qualified Project Period.

No _____ Yes _____

(a) 10% of the dwelling units in the Project financed in part from the proceeds of the Note were first occupied on _____ __, 20___ and

(b) 50% of the dwelling units in the Project financed in part from the proceeds of the Note were first occupied on _____ __, 20___.

7) If no to (6), the undersigned hereby certifies the Project meets the special federal rule for a Qualified Project Period.

No _____ Yes _____

(*Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the Project acquisition or the Note issuance date.*)

(a) Note was issued on _____ __, 20___

(b) Property was acquired on _____ __, 20___

(c) The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or bond issuance) is _____ __, 20___

_____ _____

Signature of Officer Date

_____

Printed Name of Officer

_____

Title of Officer

_____

Phone Number

EXHIBIT G

CDLAC RESOLUTION

EXHIBIT H

[RESERVED]

EXHIBIT I

ACCESSIBILITY COVENANTS

The Accessibility Covenants (the "Covenants") herein are attached to the Regulatory Agreement as an exhibit and the Borrower hereby agrees to comply with each of the requirements of the City set forth as follows:

Section 1. Definitions. Terms not otherwise defined herein shall have the meanings assigned thereto in the Regulatory Agreement as applicable, provided they do not conflict with the terms defined or referenced herein. The definitions contained in the implementing regulations for Section 504 of the Fair Housing Act ("Section 504") and the ADA are incorporated by reference. *See* 24 C.F.R. §§ 8.3, 100.20; 28 C.F.R. § 35.104. The following terms shall have the respective meanings assigned to them in this Section unless the context in which they are used clearly requires otherwise:

"Accessible," when used with respect to a Housing Unit or a Housing Development, means and refers to full compliance with the requirements of the Accessibility Standards.

"Accessible Housing Development" means a Housing Development that is Accessible, including Accessible public and common use areas, as well as the number and type of Accessible Housing Units that are required to be Accessible by the Covenants.

"Accessible Housing Units" or "Accessible Unit" refers collectively to Housing Units with Mobility Features and Housing Units with Hearing/Vision Features that are Accessible, on an Accessible Route, and in an Accessible Housing Development.

"Accessibility Laws" means Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794 et seq.; the Americans with Disabilities Act ("ADA"), 42 U.S.C. § 12131, et seq.; California Government Code Section 11135 et seq.; the federal Fair Housing Act of 1968, as amended ("FHA"), 42 U.S.C. §§ 3601-3620; implementing regulations and design standards for each of the preceding statutes; and the California Building Code. In all instances, the requirements of the Federal Accessibility Laws shall supersede any state or local requirements, unless the state or local requirements are stricter than the Federal requirements.

"Accessibility Standards" means the following compliance standards:

For purposes of Section 504 and the ADA:

a. For Housing Developments constructed or substantially altered before March 15, 2012:

   i. The new construction requirements of 24 C.F.R. pt. 8, including 24 C.F.R. §§ 8.4(d), 8.22, 8.26, and 8.32 as well as the new construction requirements of UFAS, or their successor standards.

b. For Housing Developments constructed or substantially altered on or after March 15, 2012:

i. The Alternative Accessibility Standard; or

ii. Any future accessibility standard and other regulatory requirements applicable to newly constructed facilities in federally-assisted programs that may be adopted in a final rule issued by the U.S. Department of Housing and Urban Development ("HUD") pursuant to notice and comment rulemaking under Section 504 so long as such accessibility standard and regulatory requirements do not provide for less accessibility for persons with disabilities than either a or b;

For purposes of the FHA:

a. Compliance with the standards set forth in 24 C.F.R. § 100.205, including: the requirements in ANSI A117.1-1998, the Fair Housing Accessibility Guidelines, March 6, 1991, in conjunction with the Supplement to Notice of Fair Housing Accessibility Guidelines: Questions and Answers About the Guidelines, June 28, 1994, and the Fair Housing Accessibility Act Design Manual, Revised April 1998.

For purposes of state law:

a. The accessibility provisions of the California Building Code Chapters 11A and 11B, or any future accessibility standard and other regulatory requirements applicable to newly constructed facilities adopted as part of the California Building Code; and

b. All applicable building codes in effect for the City of Los Angeles Building and Safety Department.

"Accessible Route" means and refers to a continuous, unobstructed UFAS-compliant path as prescribed in 24 C.F.R. §§ 8.3 and 8.32 and UFAS § 4.3. As used for purposes of the ADA, an Accessible Route is as described in Chapter 4 of the 2010 Standards for Accessible Design, 28 C.F.R. §§ 35.104, as applied to public entities, except that elevator exceptions do not apply.

"Alternative Accessibility Standard" means and refers to the alternative accessibility standard for new construction set out in HUD's notice at 79 Fed. Reg. 29,671 (May 23, 2014), when used in conjunction with the new construction requirements of HUD's regulations at 24 C.F.R. pt. 8, 24 C.F.R. § 8.22, and the new construction requirements of 28 C.F.R. pt. 35, including the 2010 Standards for Accessible Design as defined in 28 C.F.R. § 35.104 and as applied to public entities (excluding any elevator exceptions).

"Assistance Animals" means and refers to animals that work, provide assistance, or perform tasks for the benefit of a person with a disability as well as animals that provide emotional support that alleviates one or more identified symptoms or effects of a person's disability. Assistance Animals are not pets and are not subject to a housing provider's pet policies. Service animals are one type of Assistance Animal. Assistance Animals include animals that are trained and untrained and include dogs and other animals.

"Borrower" means and refers to an owner of a Housing Development and such owner's successors and assigns who (1) has received, receives, or will receive any federal financial assistance from or through the City since July 11, 1988, and/or (2) was, is or will be the owner of a Housing Development designed constructed, altered, operated, administered, or financed, in whole or in part, in connection with a program administered in whole or in part by the City since January 26, 1992. A Borrower may also be a Subrecipient.

"Covered Housing Development" includes all Housing Developments, including those listed on the City's Covered Housing list, which can be found at accesshousingla.org.

"Fair Housing Policy Related to Disability" means the documents containing the policies of the City, as amended periodically, that ensure all Housing Developments be constructed and operated in accordance with all applicable Accessibility Laws, including federal accessibility requirements. The current policies can be accessed on the City's Accessible Housing Program Website. HUD may require modifications to these policies post-closing.

"Housing Development" or "Development" means the whole of one or more residential structures and appurtenant structures, equipment, roads, walks, and parking lots that (1) received or will receive any Federal financial assistance from or through the City and/or (2) were, are, or will be designed, constructed, altered, operated, administered, or financed in connection with a program administered by the City or by its Subrecipients.

"Housing Unit" means a single unit of residence in the Housing Development that provides spaces for living, bathing, and sleeping, provided such definition shall not be construed to exclude Single Room Occupancy Units. A Housing Unit includes a dwelling unit as that term is used in 24 C.F.R. § 8.22.

"Housing Unit with Hearing/Vision Features" means a Housing Unit that complies with 24 C.F.R. §§ 8.22 and 8.23 and all applicable provisions of UFAS, or the comparable provisions of the Alternative Accessibility Standard including but not limited to § 809 and specifically subsection § 809.5 of the 2010 ADA Standards for Accessible Design, and with the California Building Code Chapters 11A & 11B. Hearing/Vision Features include but are not limited to visual alarms (UFAS §§ 4.34.10, 4.28.3), auxiliary alarms (UFAS §§ 4.34.10, 4.28.4), telephone volume controls and hearing aid compatibility (UFAS § 4.31.5), protections against protruding objects (UFAS § 4.4), stairway requirements (UFAS §§ 4.9, 4.26.4), protections against exposed pipes and surfaces (UFAS §§ 4.19.4, 4.24.6, 4.34.6.5(8)), audible alarms (UFAS § 4.28.2), signage (UFAS § 4.30), push button controls for telephones (UFAS § 4.31.6), consumer information (UFAS § 4.34.4), and range, cooktop, and oven controls (UFAS §§ 4.34.6.6, 4.34.6.7).

"Housing Unit with Mobility Features" means a Housing Unit that is located on an Accessible Route and complies with 24 C.F.R. §§ 8.22 and 8.23 and all applicable provisions of UFAS, or the comparable provisions of the Alternative Accessibility Standard including but not limited to § 809 and specifically subsections §§ 809.2 through 809.4 of the 2010 ADA Standards, and with the California Building Code Chapter 11 B. A Housing Unit with Mobility Features can be approached, entered and used by persons with mobility disabilities, including people who use wheelchairs.

"LAHD" means the Los Angeles Housing Department of the City of Los Angeles.

"Property Management Agent" means and refers to a person or entity that manages one or more of the Housing Developments subject to these Covenants on behalf of a Borrower.

"Reasonable Accommodation" means changes, modifications, exceptions, alterations, or adaptations in rules, policies, practices, programs, activities that may be necessary to (1) provide a person with a disability an equal opportunity to use and enjoy a dwelling, including public and common use areas of a development, (2) participate in, or benefit from, a program (housing or non-housing), service or activity; or (3) avoid discrimination against a person with a disability. Such an accommodation must be granted unless it would (i) pose an undue financial and administrative burden, or (ii) fundamentally alter the essential nature of the program, service, or activity. For purposes of these Covenants, a Reasonable Accommodation includes any physical or structural change to a Housing Unit or a public or common use area that would be considered a reasonable modification for purposes of the FHA.

"Subrecipient" means and refers to any public or private agency, institution, organization, or other entity or person to which federal financial assistance or financial assistance from or through the City is extended. A Subrecipient also means and refers to a non-federal entity that receives a sub-award from a pass-through entity to carry out part of a federal program, but does not include an individual who is a beneficiary of such program. A Subrecipient may also be a recipient of other federal awards from a federal awarding agency. 2 C.F.R. § 200.93. A Subrecipient may also be the Borrower.

"UFAS" means the Uniform Federal Accessibility Standards and refers to a set of scoping requirements and standards for the design and construction of buildings and facilities to ensure that they are readily accessible to and usable by persons with disabilities. See Appendix A to 24 C.F.R. subpart 40 for residential structures and Appendix A to 41 C.F.R. subpart 101-19.6 for general-type buildings (UFAS is also available on-line at http://www.access-board.gov).

Section 2. Borrower Obligations. The Borrower represents, warrants, covenants and agrees as follows:

a. A State of California Certified Access Specialist ("CASp") who is a licensed architect or engineer must be identified as part of the development team. A list of CASps can be found at the following link: https://www.apps2.dgs.ca.gov/DSA/casp/casp_certified_list.aspx. The CASp cannot be the architect of record for the Project. The cost of CASp activities and certifications should be included in the application's project budget.

b. The Housing Development shall be constructed in accordance with the Accessibility Standards in Section 1 above to ensure accessibility for persons with disabilities. The Borrower must work with their CASp to ensure that the Housing Development complies with those Accessibility Standards.

c. An accessibility report by a CASp inspector certifying that the Housing Development is in compliance with all applicable Accessibility Standards, as defined in Section 1, above, must be submitted to and approved by LAHD at the following phases of the Project development:

1. Accessibility Design Review Report and a pdf copy of the plans are due for review by LAHD when construction documents have been developed, and prior to the submission of plans to Los Angeles Building and Safety Department;

2. The Accessibility Design Review Report must be approved by LAHD before building permits can be issued;

3. Accessibility Progress Inspection Reports conducted after all rough inspections have been signed off by the Los Angeles Building and Safety Department and prior to closing of walls; and

4. LAHD will not issue a clearance for, or issuance of a certificate of occupancy or final building permit sign off by the Los Angeles Building and Safety Department and release of a final retention payment unless: (a) corrections issued by LAHD are completed and approved; (b) LAHD approves the final Accessibility Report from CASp for the Project; (c) expert recommendation and City certification of compliance with applicable accessibility requirements are issued; and (d) neutral accessibility consultant verification and City certification of compliance with applicable accessibility requirements are issued.

d. Applicants/developers/Borrowers must list all applicable accessibility standards on title page of plans, including the designated FHA Safe Harbor for the Project, and include the following note: *"This is a publicly funded housing project and must comply with federal accessibility standards and California Building Code Chapters 11A & 11B."*

e. If the Development is to be rehabilitated, accessibility retrofits of the Housing Development shall take place concurrently with any Project rehabilitation in compliance with the Accessibility Standards, including federal accessibility standards.

f. The Accessible Units shall be prioritized for persons with disabilities who have a disability-related need for the accessibility features of the Accessible Unit. If an Accessible Unit is occupied by residents without disabilities, the Borrower shall require use of a lease addendum to require such residents to relocate to a vacant, non-accessible unit of comparable size, finishes, and amenities, at the same Development at the Development's expense, within thirty (30) days of notice by the Borrower or Property Management Agent, or the minimum amount of notice required by state law, that there is an

eligible applicant or existing resident with a disability who requires the accessibility features of the unit.

g. Eleven percent (11%) of the total Housing Units in the Housing Development shall be constructed and maintained by the Borrower as Housing Units with Mobility Features.

h. An additional four percent (4%) of the total Housing Units in the Housing Development shall be constructed and maintained by the Borrower as Housing Units with Hearing/Vision Features.

i. The 4% and 11% calculations shall each be based on the total number of Housing Units in the Housing Development. In determining the number of Accessible Units required, any fractions of units shall be rounded up to the next whole number. Required Accessible Units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout projects and sites, and shall be available in a sufficient range of sizes and amenities so that a qualified individual with a disability has a choice of living arrangements that is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

j. While additional Accessible Housing Units may be provided, *i.e.*, up to twenty percent (20%), no more than fifteen percent (15%) of the Housing Units in any Housing Development may be counted toward the target number of Accessible Housing Units that the City must provide pursuant to the Voluntary Compliance Agreement (VCA) with HUD (specifically, no more than eleven percent (11%) of the Housing Units in any Housing Development with Mobility Features and no more than four percent (4%) Housing Units in any Housing Development with Hearing/Vision Features) unless HUD provides specific written authorization.

k. The Accessible Units shall be affordable for households pursuant to the terms of the Loan Agreement and Regulatory Agreement, including any and all amendments, revisions, or modifications.

l. The Project shall comply with the City's Accessibility Regulations Matrix & Overview, Accessible Design/Construction Compliance Requirements, and the Accessibility Report Requirements, which may be amended from time-to-time.

m. The Borrower shall adopt and comply with the City's Fair Housing Policy Related to Disability, as amended.

n. The Borrower and property managers (including resident managers and on-site managers) of the Housing Development shall attend the City's Fair Housing for People with Disabilities workshops.

o. The Borrower shall register the Housing Development on the City's Affordable and Accessible Housing Registry ("AAHR") located at http://lahousing.lacity.org, and utilize the AAHR to provide and update required information about the Housing Development and the Accessible Units, allow people with disabilities to apply for the Accessible Units when they become available and to place themselves on the waiting list for the Accessible Units, and comply with all other requirements of the AAHR.

p. Following reasonable notice to the Borrower, Borrower shall allow the City to conduct periodic on-site inspections of the Housing Development in order to verify compliance with the Accessibility Standards and the City's Fair Housing Policy Related to Disability.

q. The Housing Development as a whole and all Housing Units shall meet the requirements of the Accessibility Standards as defined in Section 1, above, and any requirements of the City, provided such requirements minimally meet and do not diminish the requirements of the Accessibility Standards.

r. The Borrower shall provide a list to the City of all Accessible Units with unit number, bedroom size and type of Accessible Unit ("Housing Unit with Hearing/Vision Features" or "Housing Unit with Mobility Features").

Section 3. Occupancy of Accessible Housing Units. The Borrower shall follow the requirements of Section 504 and its implementing regulations at 24 C.F.R. Part 8, as well as the City's Fair Housing Policy Related to Disability to assure that information regarding the availability of Accessible Units reaches eligible individuals with disabilities. The Borrower will take reasonable, nondiscriminatory steps to maximize the utilization of such units by eligible individuals who require the accessibility features of the particular unit. To this end, the Borrower will take the following steps when an Accessible Unit becomes vacant:

a. First, the Borrower will offer the Accessible Unit to a current occupant of the Housing Development who needs the features of an Accessible Unit;

b. Second, the Borrower will offer the Accessible Unit to a current occupant of a Housing Development under common control who needs the features of an Accessible Unit;

c. Third, the Borrower will offer the Accessible Unit to an eligible, qualified applicant on the waiting list for Accessible Housing Units who needs the features of an Accessible Unit;

d. Fourth, the Borrower will offer the Accessible Unit to a current tenant of a Covered Housing Development who needs the accessible features of the Accessible Unit and are registered with the AAHR; and

e. Fifth, Borrower will offer the unit to qualified applicants who need the accessible features of the Accessible Unit and are registered with the AAHR.

f. If there are no eligible current tenants or applicants in need of Accessible features, then the Borrower must conduct targeted outreach and marketing to advertise the unit to qualified individuals who need the Accessible features, including listing it as available to individuals who need the accessible features at http://www.lahousing.lacity.org, distributing the information about the accessible vacancy in accord with the Borrower's City approved Property Management Plan, distributing it to the most recent list from the City of organizations that serve people with disabilities, and sending an e-blast to parties on the http://www.lahousing.lacity.org website Outreach List. All such communications shall take appropriate steps to ensure effective communication with individuals with disabilities by utilizing appropriate auxiliary aids and services, such as the use of accessible websites and emails. Outreach efforts to the disability community shall include, but not be limited to, notices and other communications describing the availability of such Accessible Units, specific information regarding the features of Accessible Units, eligibility criteria, and application procedures. These, and additional procedures, are incorporated into the City's Fair Housing Policy Related to Disability, as amended.

In the event more than one household has requested an Accessible Unit, the Borrower shall offer the Accessible Unit to households in order on the appropriate waiting list within each category.

If, after using the process identified above, there are no households who need the features of that Accessible Unit, then the Borrower may offer the Accessible Unit to the next household on the conventional waiting list. Should that household choose not to occupy the Accessible Unit, they will remain at the same position on the conventional waiting list. If the household chooses to occupy the Accessible Unit, the tenant must sign a lease addendum in the form approved by the City. The lease addendum requires the household to move to the next available, comparable, conventional unit, when given appropriate notice by the Housing Development that there is an eligible applicant or existing resident with a disability who requires the accessibility features of that Accessible Unit.

For individuals who are required to vacate an Accessible Unit because it is needed by an individual with a disability, the Borrower will pay the costs of the transfer to a comparable conventional unit, including new utility deposit(s), if required, and reasonable moving expenses.

Section 4. Rental Policies. The Borrower shall adopt the City's rental policies that meet the requirements of Section 504, the ADA, the FHA, FEHA, and other federal and state laws and regulations as applicable, and of the Fair Housing Policy Related to Disability of the City, as amended. The Borrower shall develop and utilize a Property Management Plan ("PMP"), approved by the City, which describes affirmative marketing, tenanting, and other procedures to ensure that the Housing Development meets all of the civil rights requirements for individuals with disabilities.

Rental applications will include a section to be filled out by applicants to identify whether they are requesting an Accessible Unit or a Reasonable Accommodation. Applicants will not be required to disclose a disability under any circumstances, and the Borrower shall seek information to be disclosed limited to only what is necessary to establish the disability-related need for the requested accommodation. If both the disability and disability-related need for the requested accommodation are obvious or already known, no additional information may be sought by the Borrower. Applicants and residents may request a Reasonable Accommodation at any time.

Section 5. Residential Rental Property. The Borrower hereby represents, covenants, warrants and agrees as follows:

a. All of the Housing Units in the Housing Development will be similarly constructed units, and each income restricted unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities, equipped with a cooking range and oven, a sink and a refrigerator. Each of the Accessible Units shall also comply with these requirements. Notwithstanding the foregoing, a unit shall not fail to be treated as a residential unit merely because such unit is a single room occupancy unit within the meaning of Section 42(i)(3)(B)(iv) of the Code even though such housing may provide eating, cooking and sanitation facilities on a shared basis.

b. All of the Housing Units (which shall not include any manager units) will be available for rental on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the housing units in the Project, except to the extent that: (1) Accessible Housing Units shall be made available on a priority basis to persons who need the accessible features, as described in Section 3 above; (2) any Housing Units are required to be leased or rented to low income tenants or persons 62 years of age and older, (3) the requirements of any regulatory agreement executed between the Borrower and HUD or between the Borrower and a subordinate lender (including the City), (4) the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, and (5) any preference the Borrower may legally provide pursuant to applicable federal and state law.

Section 6. Monitoring Requirements. The City will monitor the initial production and ongoing occupancy of the Accessible Units and the Housing Development to ensure full compliance with the Accessibility Standards, the Fair Housing Policy Related to Disability and the policies in Sections 1 - 4, above. In order to determine compliance with the Accessibility Standards, the Borrower shall submit and the City shall review and approve a CASp Inspection Report of the Housing Development that identifies the necessary and required design elements to make the Housing Units and site accessible for individuals with disabilities. The City shall inspect the construction and/or rehabilitation to verify that the legally required number of Accessible Units have been produced and that the necessary and required design elements have been constructed to

make the Housing Units and site accessible for individuals with disabilities and supported by an independent CASp consultant's report.

The City will utilize the Housing Development's City approved PMP and Fair Housing Policy Related to Disability to monitor ongoing occupancy compliance of the Accessible Units and nondiscrimination of individuals with disabilities. Compliance with the policies shall include, but not be limited to, target marketing, establishing and monitoring a waiting list specific to the Accessible Units, appropriately responding to Reasonable Accommodation requests, implementation of the assistance animal policies, implementation of the policies for re-leasing vacant Accessible Units, and all elements contained in the Fair Housing Policy Related to Disability, as amended.

Section 7. Maintenance of Records. With respect to the Covenants, the Borrower agrees to keep and maintain books, accounts, reports, files, records, and other documents pursuant to the terms of the Note Documents and Regulatory Agreement, including any and all amendments, revisions, or modifications.

Section 8. Notices, Demands, Payments and Communication. Formal notices, demands, payments and communications between the City and the Borrower shall be sufficiently given and shall not be given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally pursuant to the Notice provisions in the Funding Loan Agreement.

Section 9. Term of the Covenants. The Covenants shall be recorded with the Regulatory Agreement upon its execution and shall terminate in accordance with the most restrictive provisions of the Note Documents and Regulatory Agreement, including any and all amendments, revisions, or modifications, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Note.

Section 10. Covenant to Run with the Land. The Borrower hereby subjects the Project to the covenants, reservations, and restrictions set forth in the Covenants. The City and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project. Each and every contract, deed, or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. In particular, this Covenant is subject to the requirements of HUD's Section 504 regulation at 24 C.F.R. § 8.50(c).

Section 11. Default; Enforcement. As part of ensuring compliance with the Accessibility Covenants, the Accessibility Standards, and the Fair Housing Policy Related to Disability, the City or its agent, will conduct periodic on-site visits inspecting the Housing Development, which inspections may include inspecting the Housing Units and common areas, tenant files, logs and other records. Should the Borrower fail to comply, the City will first issue an Order to Comply ("Order") stating the element of the Housing Development that is out of compliance, and providing a date by which the Borrower must comply. The Order shall give the Borrower not more than

30 days to correct the violation, or such additional time as the City may grant if the Borrower is taking steps to correct the violation ("Compliance Date"), and diligently pursues such action until the default is corrected, which extension is in the City's sole discretion. The City shall re-inspect the Housing Development within 10 days of the Compliance Date specified in the Order or any extension, however failure to inspect or re-inspect within the time frame does not remove the obligation of the Borrower to comply with the Order.

If the Order is issued and the violation continues to exist after the Compliance Date, then the City shall declare an "Event of Default" and may take any one or more of the following steps:

a. Inspection Fee for Non-Compliance. In the event the Borrower fails to comply with the Order within the Compliance Date, the Borrower shall be liable for subsequent inspection fees in the amount approved by City Council until compliance has been achieved. Failure to pay the assessed inspection fee within 30 days of the date of invoice, will result in a late charge equal to or two times the fees and a collection fee equal to 50 percent of the original fee shall be imposed if any fee imposed is not paid within 30 days of service of notice of the imposition of the fee.

   The late fee may be imposed without a hearing but may be appealed to the General Manager of LAHD. The appeal shall be made in writing, and shall specify the grounds for the appeal. The appeal shall be filed with LAHD within ten calendar days of the issuance of the imposition of the late fees and costs. The General Manager or his designee shall issue a decision within ten calendar days of the filing of the appeal. A copy of the decision shall be served on the person or entity subject to the Order or fee by first class United States mail, postage prepaid, or in person. The City shall have the right to bring legal action in any court to enforce the Order and collect the amount of outstanding fees and penalties. City may waive the penalty imposed pursuant to this section if City determines that good causes exist for the Borrower's failure to pay in a timely manner.

b. By mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the City hereunder;

c. Filing of a complaint or referral to HUD or other appropriate agencies for further enforcement actions;

d. Have access to and inspect, examine and make copies of all or a portion of the books and records of the Borrower pertaining to the Project, in order to ensure compliance with all provisions of the Covenants, including records relating to the accessibility of the Accessible Units; and

e. Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

Section 12. Compliance with Accessibility Requirements. The Borrower hereby certifies that it and its property manager and any agent, contractor and subcontractor will comply with the Accessibility Standards as defined, and the policies described in Sections 2-5. The Borrower and any contractor and subcontractor will provide Reasonable Accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services, and activities in accordance with each of the applicable and stricter of the requirements of the ADA, the 2010 ADA Standards for Accessible Design, the ADAAG, Section 504, UFAS, the FHA, the Fair Housing Act Design and Construction Requirements, federal regulations implementing the ADA, Section 504, and the FHA, California Government Code 11135 *et seq.,* the California Building Code Chapters 11A and 11B, and all subsequent amendments to those laws. The Borrower and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship or association with a person with a disability. Any contract and subcontract entered into by the Borrower, relating to the Covenants and the Project, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

Section 13. Governing Law. The Covenants shall be governed by the laws of the State of California.

Section 14. Parties Bound. The provisions of the Covenants shall be binding upon and inure to the benefit of the City and the Borrower and their respective successors and assigns.

Section 15. Severability. Every provision of the Covenants is intended to be severable. If any provision of the Covenants shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

Section 16. Waiver. Any waiver by the City of any obligation in the Covenants shall be in writing; however, the City cannot waive the requirement to comply with federal and state law. No waiver will be implied from any delay or failure by the City to take action on any breach or default of the Borrower or to pursue any remedy allowed under the Covenants or applicable law. Any extension of time granted to the Borrower to perform any obligation under the Covenants shall not operate as a waiver or release from any of its obligations under the Covenants. Consent by the City to any act or omission by the Borrower shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the City's written consent to future waivers.

Section 17. Modifications. There shall be no amendment or modification of the Covenants without the prior written approval of the City. Any amendment or modification of the Covenants shall be by a written instrument executed by the City and the parties to the Covenants and the Regulatory Agreement or their successors in title, and duly recorded in the real property records of the County of Los Angeles, California. Modifications or amendments to the Covenants may occur by operation of law or other agreements binding the City and the parties to the Covenants and the Regulatory Agreement.

Section 18. Conflicts. If the provisions of the Covenants are inconsistent with the provisions of the Regulatory Agreement, the Note Documents, or any other documents which affect the Project, the more restrictive covenants or restrictions shall control.

Section 19. Recording and Filing. The Borrower shall cause the Covenants to be recorded and filed in the real property records of the County of Los Angeles and in such other places as the City may reasonably request. However, failure to record the Covenants by the Borrower shall not relieve Borrower of any of the obligations specified herein.

EXHIBIT J

FORM OF CERTIFICATE OF QUALIFIED PROJECT PERIOD

Project Name: Avalon 1355
(If project name has changed since the award of allocation please note the original project name as well as the new project name and request a change in the CDLAC resolution.)

CDLAC Application No.: 21-541and 22-708

Name of Note Issuer: City of Los Angeles

Name of Borrower Avalon 1355 Partners, LP
(If Borrower has changed since the award please note the original Borrower as well as the new Borrower and request a change in the CDLAC resolution.)

Project meets the general federal rule for a Qualified Project Period
Yes_____ No_____

(a) 10% of the dwelling units in the project financed in part from the proceeds of the captioned Note were first occupied on _____ _____, 20__; and

(b) 50% of the dwelling units in the project financed in part from the proceeds of the captioned Note were first occupied on _____ _____, 20__.

Project meets the special federal rule for a Qualified Project Period.
Yes_____ No_____

(Project qualifies if it is an acquisition/rehabilitation where more than 90% of the units were not available for occupancy within 60 days of the earlier of the project acquisition or the Bond Issuance Date.)

(a) Note was issued on _____ __, 20__
(b) Date 12 months after the Note Issuance date _____ __, 20__

_____
Signature of Officer

_____
Printed Name of Officer

_____
Title of Officer

_____
Phone Number