HOUSING AUTHORITY
of the County of Los Angeles
700 W. Main Street • Alhambra, CA 91801
Tel: 626.262.4510 • TDD: 855.892.6095 • www.hacola.org

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

2-H March 18, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

March 18, 2014

The Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

ADOPT RESOLUTION AUTHORIZING ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN UNINCOPORATED EAST LOS ANGELES
(DISTRICT 1) (3 VOTES)

SUBJECT

This letter requests that your Board authorize the issuance, sale and delivery of tax-exempt multifamily housing mortgage revenue bonds to finance site acquisition and rehabilitation of the Villa Nueva Rental Housing Construction Program (RHCP) development, 21 units of multifamily rental housing located in unincorporated East Los Angeles.

IT IS RECOMMENDED THAT THE BOARD:

1. Adopt and instruct the Chairman to sign the attached Resolution, as required under Section 147(f) of the Internal Revenue Code of 1986, authorizing the issuance of tax-exempt multifamily housing mortgage revenue bonds (Bonds) by the Housing Authority, in an aggregate amount not exceeding $2,300,000 to Villa Nueva RHCP, L.P. (Developer), a California Limited Partnership, to finance site acquisition and rehabilitation of a 21-unit multifamily rental housing development located at 658-676 S. Ferris Avenue in unincorporated East Los Angeles.

2. Authorize the Executive Director, or his designee, to negotiate, execute and, if necessary, amend or terminate all related documents and take all necessary actions for the issuance, sale and delivery of the Bonds, following approval as to form by County Counsel.

3. Find that adoption of this Resolution is not subject to the California Environmental Quality Act (CEQA) because the action will not have the potential for causing a significant effect on the

environment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to authorize the issuance, sale and delivery of the tax-exempt Bonds, in an aggregate amount not to exceed $2,300,000 to finance site acquisition and rehabilitation of Villa Nueva RHCP (Project).

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. The Bonds will be repaid solely through rent revenues collected by the Developer. The Developer will pay all Bond fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Project is located at 658-676 S. Ferris Avenue in unincorporated East Los Angeles, and is comprised of 21 two-bedroom units. Nine of the units will be reserved for households with incomes that do not exceed 50% of the area median income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development. Eleven units will be reserved for households with incomes that do not exceed 60% of AMI. The affordability requirements will remain in effect for 55 years, except for the manager's unit, which will have no affordability requirements.

On June 21, 2013, the Housing Authority conducted a public hearing, at its office located at 700 W. Main Street in Alhambra regarding the issuance of multifamily bonds to finance the Project, pursuant to Section 147(f) of the Internal Revenue Code. No comments were received at the public hearing concerning the issuance of the bonds or the nature and location of the Project.

On July 9, 2013, your Board adopted an Inducement Resolution declaring the intent of the Housing Authority to undertake the financing of a multifamily housing mortgage revenue bond project in accordance with United States Treasury Department Regulations. This action established a base date after which Project costs incurred by the Developer could be included in the permanent financing obtained through the issuance of tax-exempt bonds. At that time the partnership was known as Santa Monica-Villa Nueva RHCP L.P., and is now known as Villa Nueva RHCP L.P.

On July 9, 2013, the Board of Supervisors adopted a resolution approving issuance of the bonds, as authorized by Section 147(f) of the Internal Revenue Code of 1986.

The attached Resolution was prepared by Kutak Rock, Housing Authority Bond Counsel, and approved as to form by County Counsel. All other related documents, in substantially final form, are on file with the Executive Office of the Board. They will be approved as to form by County Counsel prior to execution by the authorized parties.

On February 26, 2014 the Housing Commission recommended approval of the proposed action.

ENVIRONMENTAL DOCUMENTATION

This action, adopting a Resolution authorizing the issuance of tax-exempt Multifamily Housing Mortgage Revenue Bonds, is not subject to the provisions of CEQA pursuant to State CEQA

Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed action is a necessary step to provide bond financing for the Project, which will increase the housing with long-term affordability in Los Angeles County.

Respectfully submitted,

SEAN ROGAN
Executive Director

SR:jwr

Enclosures

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $2,300,000 FOR THE PURPOSE OF MAKING A LOAN TO PROVIDE FINANCING FOR A MULTIFAMILY RENTAL HOUSING PROJECT KNOWN AS VILLA NUEVA RHCP APARTMENTS, DETERMINING AND PRESCRIBING CERTAIN MATTERS RELATING THERETO, AND APPROVING AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS, AGREEMENTS AND ACTIONS.

WHEREAS, The Housing Authority of the County of Los Angeles (the "Authority') is authorized and empowered by the provisions of Section 34312.3 of the Health and Safety Code of the State of California (the "Act") to issue and sell revenue bonds for the purpose of making loans or otherwise providing funds to finance the acquisition, construction, rehabilitation and development of multifamily residential rental housing projects, including units for households meeting the income limits set forth in the Act; and

WHEREAS, there has been prepared and presented to this Board for consideration at this meeting the documentation required for the issuance of bonds for the financing of the Villa Nueva RHCP Apartments located at 658-676 S. Ferris Avenue in unincorporated Los Angeles County (the "Project") for the benefit of Villa Nueva RHCP, LP, a California limited partnership and an affiliate and designee of Santa Monica—Villa Nueva, LP; and

WHEREAS, it appears that each of the documents and instruments above referred to which are now before this meeting is in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the County of Los Angeles, as follows:

1. It is hereby found and determined that it is necessary and desirable for the Authority to provide financing for the Project through the issuance and sale of the Bonds (as hereinafter defined) in order to assist in the acquisition, construction, rehabilitation and development of the type of dwelling units provided by the Project.

2. For the purpose of raising moneys with which to effectuate financing for the Project, the Authority hereby determines to issue its Multifamily Housing Revenue Bonds (Villa Nueva RHCP Apartments), 2014 Series B (or such other series designation as may be designated by officers or agents of the Authority), in one or more series or subseries, each with an appropriate series designation (the "Bonds"), in an aggregate principal amount not to exceed $2,300,000. The Bonds shall bear interest at the interest rates set forth in or determined in accordance with a trust indenture (the "Indenture"), maturing as provided in the Indenture, but not later than 35 years from the date of issue. The Bonds shall be in substantially the form set forth in the Indenture, with such appropriate variations, omissions, insertions and provisions as are permitted or required by the Indenture, which shall be appropriately completed when the Bonds are prepared.

The Bonds shall be a limited obligation of the Authority payable solely from the revenues, receipts and other moneys pledged therefor under the Indenture.

The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of this Board or the Executive Director of the Authority.

3. The proposed form of Indenture, in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the Authority or his designee are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Indenture, in substantially said form, with such additions thereto or changes therein as such officer may approve or recommend upon consultation with counsel to the Authority and Bond Counsel to the Authority (provided that such additions or changes shall not authorize an aggregate principal amount of Bonds in excess of the amount stated above or result in an initial interest rate on the Bonds in excess of 9%), the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Indenture. The Bonds may, if so provided in the Indenture, be issued as a "draw down" bonds to be funded over time as provided in the Indenture. The date, maturity date, interest rate or rates, interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture as finally executed.

4. The proposed form of Loan Agreement (the "Loan Agreement"), in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the Authority or his designee are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Loan Agreement, with such additions or changes in said document as such officer may recommend or approve upon consultation with counsel to the Authority and Bond Counsel to the Authority, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Loan Agreement.

5. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the Authority or his designee are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Regulatory Agreement, with such additions or changes in said document as such officer may recommend or approve upon consultation with counsel to the Authority and Bond Counsel to the Authority, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Regulatory Agreement.

6. This Board hereby appoints the Executive Director of the Authority or his designee as administrator/manager with respect to the Project and other matters arising in connection with the Bonds (the "Administrator").

7. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this resolution, whether

before or after the issuance of the Bonds, including without limitation any of the foregoing which may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project or any redemption of the Bonds, may be given or taken by the Administrator without further authorization by this Board, and the Administrator is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action which such officer may deem necessary or desirable to further the purposes of this resolution.

8. All actions heretofore taken by the officers and agents of the Authority with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to those described in the Indenture 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 Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority.

9. All resolutions or parts thereto in conflict herewith are, to the extent of such conflict, hereby repealed.

10. This resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles, State of California, this 18th day of March, 2014, by the following vote:

AYES: Supervisors Ridley-Thomas, Yaroslavsky and Knabe

NOES: None

ABSENT: Supervisors Molina and Antonovich

ABSTAIN: None

By: ______________________
Don Knabe
Chair of the Board of Commissioners

ATTEST:

Sachi A. Hamai
Executive Officer - Clerk
of the Board of Commissioners

By: ______________________
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: ______________________
Deputy

TRUST INDENTURE

Between

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

And

U.S. BANK NATIONAL ASSOCIATION

Dated as of [_______] 1, 2014

Relating to:

$[2,300,000]
The Housing Authority of the County of Los Angeles
Multifamily Housing Revenue Bonds
(Villa Nueva RHCP Apartments)
2014 Series B

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TRUST INDENTURE

This Trust Indenture, dated as of [_______] 1, 2014 (this "Indenture"), is entered into by THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic, organized and existing under the laws of the State of California (together with its successors and assigns, the "Issuer"), and U.S. Bank National Association, a national banking association (together with any successor trustee thereunder, the "Trustee");

RECITALS

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the "Act"), the Issuer is empowered to issue Bonds and other evidence of indebtedness to finance the acquisition, rehabilitation and development of multifamily rental housing; and

WHEREAS, the Act authorizes the Issuer: (a) to make loans to any person to provide financing for rental residential developments located within the jurisdiction of the Issuer, in this instance specifically the County of Los Angeles (the "Sponsoring Political Subdivision"), and intended to be occupied at least in part by persons of low and moderate income, as determined by the Issuer; (b) to issue its revenue Bonds 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 issuance of such Bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such Bonds; and

WHEREAS, Villa Nueva RHCP, LP (the "Borrower"), has requested the Issuer to issue revenue bonds designated as the Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bonds (Villa Nueva RHCP Apartments) 2014 Series B (the "Bonds") and to loan the proceeds from the sale thereof (the "Loan") to the Borrower to finance the acquisition, rehabilitation and development of a scattered site multifamily rental housing development located in the County of Los Angeles, known as Villa Nueva RHCP Apartments (the "Project"); and

WHEREAS, if the Conversion Notice is not issued prior to the Outside Conversion Date (a) Conversion will not occur, and (b) the Bonds will be subject to special mandatory redemption; and

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

WHEREAS, to evidence its payment obligations under the Loan Agreement, the Borrower will execute and deliver a Multifamily Note dated as of the Closing Date hereof (the "Note"), and the obligations of the Borrower under the Note will be secured by a lien on and security interest in the Project pursuant to a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing of even date herewith to the Trustee (the "Mortgage"), made by the Borrower in favor of the Issuer and assigned to the Trustee; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture, valid, binding and legal limited obligations of the Issuer and to constitute this Indenture a valid and binding agreement securing the payment of the principal of, premium, if any, and interest on the Bonds issued and to be issued hereunder, have been done and performed and the execution and delivery of this Indenture and the execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

It is hereby covenanted and declared that the Bonds are to be authenticated and delivered and the Trust Estate (as hereinafter defined) subject to this Indenture is to be held and applied by the Trustee, subject to the covenants, conditions and trusts hereinafter set forth, and the Issuer does hereby covenant and agree to and with the Trustee, for the benefit (except as otherwise expressly provided herein) of the Bondholders, as follows:

ARTICLE I

OTHER PROVISIONS OF GENERAL APPLICATION

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

(a) Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in this Article I.

(b) The terms "herein, "hereof" and "hereunder" and other words of similar import refer to this Indenture 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 (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.

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

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

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

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

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

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

"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.

"Additional Payments" shall mean the payments payable pursuant to Section 2.6 and Section 4.15 of the 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.

"Agreement of Environmental Indemnification" shall mean the Agreement of Environmental Indemnification, dated as of the date thereof, executed by the Borrower for the benefit of the Issuer, the Trustee, the Bondholder Representative, any lawful holder, owner or pledgee of the Note.

"Amortization Schedule" shall mean the schedule of monthly debt service payments on the Note as set forth therein, as such schedule may be amended from time to time.

"Approved Accounting Method" shall mean generally accepted accounting principles applicable to entities organized as the Borrower in the United States of America as of the date of the applicable financial report, or such other modified accrual or cash basis system of accounting approved by the Bondholder Representative.

"Authorized Amount" shall mean $[2,300,000], the principal amount of Bonds authorized to be issued under this Indenture, subject to the following sentence. The Bonds will be issued as draw-down Bonds in any increment of dollars and cents in accordance with Section 4.1(k).

"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 Issuer, the Bondholder Representative, the Trustee 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.

"Authorized Denomination" shall mean the entire Outstanding principal amount of the Bonds until all amounts to be drawn down by Borrower have been drawn down and thereafter $100,000 principal amount and any multiple of $0.01 in excess thereof; provided, however, that the initial advance of the Bonds may be in an amount of $55,000 or greater; and provided, further, if a Credit Facility is in effect hereunder and the Bonds have received a rating of "A" or higher without regard to modifiers from a Rating Agency, "Authorized Denomination" shall mean (i) during any Daily Interest Rate Mode and Weekly Interest Rate Mode, $100,000 principal amount and any multiple of $5,000 in excess thereof, and (ii) during any Term Rate Mode or Fixed Interest Rate Mode, $5,000 principal amount and any multiple of $5,000 in excess thereof.

"Authorized Issuer Representative" shall mean the Chair of the Board or Executive Director of the Issuer, or such other person at the time designated to act on behalf of the Issuer as evidenced by a written certificate furnished to the Trustee and the Borrower containing the specimen signature of such person and signed on behalf of the Issuer by an Authorized Issuer Representative. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Issuer Representative.

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

"Beneficial Owner" shall mean the person in whose name a Bond is recorded as beneficial owner of such Bond by the Trustee or by a Securities Depository, a Participant or an Indirect Participant on the records of the Trustee or of a Securities Depository, a Participant or an Indirect Participant, as the case may be, or such person's subrogee.

"Bond Counsel" shall mean, Kutak Rock LLP or any other attorney or firm of attorneys designated by the Issuer and approved by the Bondholder Representative 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.

"Bond Counsel Approving Opinion" shall mean an opinion substantially to the effect that each Bond constitutes a valid and binding obligation of the Issuer and that, under existing statutes, regulations published rulings and judicial decisions, the interest on the Bonds 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).

"Bond Counsel No Adverse Effect Opinion" shall mean an opinion of Bond Counsel substantially to the effect that, in respect of an action, such action will not, in and of itself, adversely affect any exclusion of interest on the Bonds from gross income for purposes of federal income taxation (subject to the inclusion of customary exceptions).

"Bond Coupon Rate" shall mean the rate of interest accruing on the Bonds based on the Interest Rate Mode then in effect; provided that, following an Event of Default hereunder, the Bond Coupon Rate shall equal the Default Rate. In addition, the Bond Coupon Rate shall include any interest payable under the Note in excess of interest at the foregoing rate. At no time may the Bond Coupon Rate exceed the Maximum Rate.

"Bond Documents" shall mean (a) the Loan Documents, (b) this Indenture, (c) the Regulatory Agreement, (d) the Tax Certificate, (e) the Bond Purchase Agreement, (f) the Continuing Disclosure Agreement, (g) UCC financing statements, (h) such assignments of management agreements, contracts and other rights as may be reasonably required, (i) all other documents evidencing, securing, governing or otherwise pertaining to the Bonds or any other Bond Documents, and (j) all amendments, modifications, renewals and substitutions of any of the foregoing.

"Bond Fund" shall mean the Bond Fund created pursuant to Section 8.2 of this Indenture.

"Bond Obligations" shall mean the obligation of the Issuer to pay the principal and purchase price of and the interest and premium, if any, on the Bonds as required by and set forth in this Indenture.

"Bond Payment Date" shall mean (i) during any MMD Index Rate Mode, SIFMA Index Rate Mode, Weekly Interest Rate Mode or Daily Interest Rate Mode, the first Thursday of each month, commencing on [_______], 2014 and ceasing on the Maturity Date; (ii) during any Fixed Interest Rate Mode or Term Rate Mode, (A) during a period when a Credit Facility does not enhance the Bonds pursuant to Section 4.10, the first day of each month, commencing on the first day of the month following the conversion to such Fixed Interest Rate Mode or Term Rate Mode, and ceasing on the Maturity Date or the last day on which the Bonds are in a Term Rate Mode, as applicable, and (B) during a period when a Credit Facility enhances the Bonds pursuant to Section 4.10, each January 1 and July 1, commencing on the succeeding January 1 or July 1 following the conversion to such Fixed Interest Rate Mode or Term Rate Mode, and ceasing on the Maturity Date or the last day on which the Bonds are in a Term Rate Mode, as applicable; or (iii) any date the Bonds are subject to redemption pursuant to the provisions hereof and the Maturity Date. In any case where any Bond Payment Date is not a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day without accruing additional interest.

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement by and among the Issuer, the Bond Purchaser and the Borrower executed in connection with the Bonds.

"Bond Purchase Date" shall mean, collectively, the date on which the Bonds are subject to optional tender and purchase pursuant to the provisions of Section 5.1(a) hereof and each Mandatory Tender Date.

"Bond Purchaser" shall mean Citibank, N.A.

"Bond Register" shall mean the register maintained by the Trustee pursuant to Section 4.4 of this Indenture on behalf of the Issuer for the registration and transfer of the Bonds.

"Bondholder Representative" shall mean the Person or Persons who are designated by the Holders of a Majority Share to act as provided in Section 15.5 of this Indenture or, in the case of an Event of Dissolution, where there is no Holder of a Majority Share, Citibank, N.A. Citibank, N.A. shall be the initial Bondholder Representative. The Bondholder Representative may appoint a third party to act as its representative in certain capacities, provided it does so in writing and provides such written designation to the Trustee.

"Bondholders," "Holders," "Owners" or "Registered Owners" shall mean the Person or Persons in whose name or names the Bonds are registered in the Bond Register.

"Bonds" means the Issuer's Multifamily Housing Revenue Bonds (Villa Nueva RHCP Apartments) 2014 Series B issued and delivered in the original principal amount of $[2,300,000].

"Book-Entry System" shall mean a book-entry system established and operated for the recordation of Beneficial Owners pursuant to Section 4.8 of this Indenture.

"Borrower" shall mean Villa Nueva RHCP, LP.

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

"Business Day" shall mean any day other than (i) a Saturday or a Sunday, or (ii) a day on which federally insured depository institutions in New York, New York and the city in which the Office of the

Trustee is located are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

"Cap Agreement" shall mean, if applicable, any interest rate cap agreement between the Borrower or its designee and any counterparty, as such agreement may be amended, supplemented or substituted from time to time, a security interest in which Cap Agreement shall be granted to the Trustee.

"Cap Agreement Requirements" shall mean, if applicable, an interest rate cap with a strike rate of [__]%, a term of least [5] years, provided by a provider rated "AA" (or its equivalent) or higher and acceptable to the Bondholder Representative and otherwise consistent with industry standards, as determined by the Bondholder Representative in its sole discretion or at a strike rate and maturity as otherwise approved in the sole discretion of Bondholder Representative.

"Cap Fee Escrow" shall mean, if applicable, the escrow account to be held by the Servicer to provide for payments made by the Borrower as required by Section 2.13 of the Loan Agreement for the purchase of a subsequent Cap Agreement.

"Cap Payments" shall mean, if applicable, payments received from time to time by the Trustee in accordance with the Cap Agreement.

"Capitalized Interest Account" shall mean the Capitalized Interest Account of the Project Fund created pursuant to Section 8.2 herein.

"Certificate of Authentication" shall mean the Certificate of Authentication attached to each Bond.

"Certificate of Completion" shall mean the certificate delivered by the Borrower, which contains a certification regarding the "95% Requirement" referred to in Section 8.7(a) hereof has been satisfied.

"Closing Date" shall mean [_______], 2014, the date of original issuance and delivery of the Bond.

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

"Completion Guaranty" shall mean the Completion and Repayment Guaranty, dated as of the date of this Indenture, by [**Guarantors**] in favor of the Issuer, Trustee and Bondholder Representative.

"Computation Date" shall have the meaning assigned to such term 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 Funding Agreement" shall mean that Construction Funding Agreement, dated as of the date hereof, among the Trustee, the Borrower, the Servicer and the Bondholder Representative.

"Contingency Draw-Down Agreement" means the Contingency Draw-Down Agreement dated as of [_______] 1, 2014 among the Bond Purchaser, the Borrower and the Trustee relating to possible conversion of the Bond issue from a draw down Bond issue to a fully funded Bond issue.

"Continuing Disclosure Agreement" shall mean that Continuing Disclosure Agreement, dated as of the date hereof, between the Borrower and the Trustee, as dissemination agent, pursuant to which the Borrower agrees to provide certain information with respect to the Project, the Borrower and the Bonds subsequent to the Closing Date, as amended, supplemented or restated 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 Agreement" shall mean that certain Agreement Regarding Conversion dated as of the date thereof between Borrower and Trustee, as amended, supplemented or restated from time to time.

"Conversion Date" shall have the meaning ascribed thereto in the Conversion Agreement.

"Conversion Notice" means a written notice by the Servicer to the Issuer, the Trustee and the Borrower (a) stating that each of the conditions to conversion has been satisfied or, if any condition to conversion has not been satisfied has been waived in writing by the Servicer, and (b) specifying the Conversion Date.

"Costs of Issuance" shall mean the Issuer's Closing Fee and the fees, costs, expenses and other charges incurred in connection with the issuance of the Bond, the negotiation and preparation of this Indenture and each of the other Bond Documents and shall include, but shall not be limited to, the following: (a) counsel fees (including but not limited to Bond Counsel, Issuer's counsel, Trustee's counsel, Bond Purchaser's counsel, Borrower's counsel, Bondholder Representative's counsel and Bond Purchaser's counsel); (b) Bond Purchaser and financial advisor fees incurred in connection with the issuance of the Bond; (c) initial Trustee acceptance and set-up fees and expenses (including fees of the counsel to the Trustee) incurred in connection with the issuance of the Bond; (d) Trustee and certifying and authenticating agent fees and expenses related to issuance of the Bond; (e) printing costs (for the Bonds and of any preliminary and final offering materials); (f) any recording fees; (g) any additional fees charged by the Issuer; and (h) costs incurred in connection with the required public notices generally and costs of the public hearing; and (i) any other costs identified as Costs of Issuance in the closing memorandum prepared in connection with the issuance of the Bond.

"Costs of Issuance Deposit" shall mean the amount of $[_______].

"Costs of Issuance Fund" shall mean the Costs of Issuance Fund created pursuant to Section 8.2 of this Indenture.

"Credit Facility" shall mean (i) a letter of credit, surety bond, insurance policy, standby purchase agreement, guaranty, mortgage backed security or other credit facility, collateral purchase agreement or similar agreement issued by a financial institution rated at the time of delivery of such instrument "A" or higher, without regards to modifiers, by a Rating Agency (including without limitation Fannie Mae or Freddie Mac) which provides security for the payment of (a) the principal of and interest on the Bonds (but in no case less than all of the Outstanding Bond when due) and (b) the Purchase Price of the Bond, in each case satisfactory to the applicable Rating Agency, if any, rating the Bond, or (ii) any substitute credit enhancement for any of the above which satisfies the above rating requirements.

"Credit Facility Provider" shall mean the provider of a Credit Facility.

"Daily Interest Rate" shall mean (a) the rate of interest per annum during a Daily Interest Rate Mode determined by the Remarketing Agent on an Interest Rate Determination Date to be the lowest interest rate for the Interest Rate Period commencing on such Interest Rate Determination Date and applicable through the next succeeding Interest Rate Determination Date, in the judgment of the Remarketing Agent (taking into consideration current transactions and comparable securities with which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions) at which, as of such Interest Rate Determination Date, the Bonds could be remarketed at par, plus the accrued interest, if any; or (b) in the event that the Remarketing Agent has been removed or has resigned and no successor has been appointed, or the Remarketing Agent has failed to determine the Daily Interest Rate for whatever reason, or the Daily Interest Rate cannot be determined pursuant to clause (a) for whatever reason (including that a date is not a Business Day), the USD-SIFMA Municipal Swap Index then in effect; provided that in no event shall the Daily Interest Rate exceed the Maximum Rate.

"Daily Interest Rate Mode" shall mean the interest rate mode during any period when the Bonds bear interest at a Daily Interest Rate.

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

"Default Rate" shall mean a rate per annum equal to the lesser of (i) the maximum rate permitted by applicable law, or (ii) the default rate set forth in the Note, in each case compounded monthly (computed on the basis of actual days elapsed in a 365- (or 366-) day year), as applicable.

"Defeasance Rate" shall mean the lesser of (i) 12% per annum and (ii) the known interest rate on the Bonds for a given period.

"Determination of Taxability" shall mean, (a) a determination by the Commissioner or any District Director of the Internal Revenue Service, (b) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service in which Issuer and Borrower were afforded the opportunity to participate, (c) a determination by any court of competent jurisdiction, (d) the enactment of legislation or (e) receipt by Trustee or Bondholder Representative, at the request of Issuer, Borrower, Trustee or Bondholder Representative, of an opinion of Bond Counsel, in each case to the effect that the interest on the Bonds is includable in gross income for federal income tax purposes of any Bondholder or any former Bondholder, other than a Bondholder who is a "substantial user" of the Project or a "related person" (as such terms are defined in Section 147(a) of the Code); provided, however, that no such Determination of Taxability under clause (a) or (c) shall be deemed to have occurred if the Issuer (at the sole expense of the Borrower) or the Borrower is contesting such determination, has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (i) a final determination from which no appeal may be taken with respect to such determination, (ii) abandonment of such appeal by the Issuer or the Borrower, as the case may be, or (iii) one year from the date of initial determination.

"Dissemination Agent" shall have the meaning ascribed thereto in the Continuing Disclosure Agreement.

"Draw Down Notice" shall have the meaning ascribed thereto in the Contingency Draw-Down Agreement.

"Eligible Funds" shall mean (i) in the case of Bonds that are not credit enhanced with a Credit Facility, any moneys held by the Trustee in any fund or account under this Indenture and available, pursuant to the provisions hereof, to be used to pay principal of, premium, if any, or interest on, the Bonds, and (ii) in the case of Bonds that are credit enhanced by a Credit Facility, (a) remarketing proceeds received from the Remarketing Agent or any purchaser (other than funds provided by the Borrower, any general partner, member or guarantor of the Borrower or the Issuer), (b) proceeds received pursuant to the Credit Facility, (c) proceeds of the Bonds received contemporaneously with the issuance and sale of the Bond, (d) refunding Bond proceeds, (e) proceeds from the investment or reinvestment of money described in clauses (a), (b) and (c) above, or (f) money delivered to the Trustee and accompanied by a written opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that if the Borrower, any general partner, member or guarantor of the Borrower, or the Issuer were to become a debtor in a proceeding under the Bankruptcy Code: (1) payment of such money to holders of the Bonds would not constitute an avoidable preference under Section 547 of the Bankruptcy Code and (2) the automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Bonds.

"Equipment" shall have the meaning given to the term "Personalty" in the Mortgage.

"Equity Account" shall mean the Equity Account of the Project Fund created pursuant to Section 8.2 herein.

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

"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 have the meaning ascribed thereto in Section 11.2 of this Indenture.

"Event of Dissolution" shall mean the dissolution of a trust or other custodial arrangement as described under clause (c) of the definition of "Qualified Buyer", which holds the Bonds or interests therein, where such dissolution results in the distribution of the assets held by the trust or custodial arrangement to the holders of the interests.

"Exceptions to Non-Recourse Guaranty" shall mean the Exceptions to Non-Recourse Guaranty, dated as of the date of this Indenture, by [**Guarantors**] in favor of the Issuer, Trustee and Bondholder Representative.

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

"Expense Fund" shall mean the Expense Fund created pursuant to Section 8.2 of this Indenture.

"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) any commingled investment fund in which the Issuer and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of investment.

"Final Computation Date" shall have the meaning assigned to such term in Section 1.148-3(e) of the Regulations.

"Fixed Interest Rate" shall mean the fixed rate of interest per annum determined by the Remarketing Agent, on the Interest Rate Determination Date immediately preceding the Fixed Interest Rate Commencement Date, to be the lowest interest rate from the Fixed Interest Rate Commencement Date to the final maturity date of the Bonds, in the judgment of the Remarketing Agent (taking into consideration current transactions and comparable securities with which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions) at which, as of such Interest Rate Determination Date, the Bonds could be remarketed at par, plus the accrued interest, if any, on the Fixed Interest Rate Commencement Date with or without credit enhancement, as applicable; provided, that in no event shall the Fixed Interest Rate exceed the Maximum Rate. Notwithstanding the foregoing, on and after the Conversion Date until the Maturity Date, the Fixed Interest Rate shall be [______]%.

"Fixed Interest Rate Commencement Date" shall mean the Interest Period Reset Date from and after which the Bonds shall bear interest at the Fixed Interest Rate, as that date shall be established as provided in Section 4.9 hereof.

"Fixed Interest Rate Mode" shall mean the interest rate mode during any period when the Bonds bear interest at a Fixed Interest Rate.

"Government Obligations" shall mean noncallable, nonprepayable (a) direct, general obligations of the United States of America, or (b) 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 Authority" shall mean any court, board, 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.

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

(a) the net amount (after payment of all expenses of issuing the Bonds) of Bond proceeds received by the Issuer as a result of the sale of the Bond;

(b) all amounts received by the Issuer as a result of the investment of the Bond proceeds;

(c) any amounts held in any fund to the extent that the Issuer reasonably expects to use the amounts in such fund to pay any Bond Obligations; and

(d) any securities or obligations pledged by the Issuer or by the Borrower as security for the payment of any Bond Obligation.

"Guarantor" shall have the meaning ascribed thereto in the Mortgage.

"Highest Rating Category" shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by each Rating Agency in the highest rating given by that Rating Agency for that general category of security. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the term "Highest Rating Category" means, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody's in the highest rating 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) the Bonds are not rated, (ii) both S&P and Moody's rate a Permitted Investment and (iii) 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, an 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.

"Holder of a Majority Share" shall mean the Holder (or Beneficial Owner, if the Bonds are registered with a Book-Entry System pursuant to Section 4.8 of this Indenture) of more than 50% of the aggregate principal amount of all Outstanding Bonds (or beneficial interests therein).

"Improvements" shall have the meaning ascribed thereto in the Mortgage.

"Indemnified Party" shall have the meaning ascribed thereto in Section 4.17 of the Loan Agreement.

"Indenture" shall mean this Trust Indenture, dated as of [_______] 1, 2014, by and between the Issuer and the Trustee, as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental thereto entered into pursuant to the applicable provisions thereof.

"Indexing Agent" shall mean the indexing agent appointed by the Bondholder Representative to determine the Bond Coupon Rate during the SIFMA Index Rate Mode or the MMD Index Rate Mode in accordance with the provisions of this Indenture. The initial Indexing Agent shall be the Trustee.

"Indirect Participant" shall mean a broker-dealer, bank or other financial institution for which the Securities Depository holds Bond as a securities depository through a Participant.

"Initial Bond Fund Deposit" shall mean the initial deposit to the Bond Fund to be made pursuant to Section 7.2(b) hereof from funds provided by the Borrower pursuant to Section 2.7 of the Loan Agreement.

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

"Intercreditor Agreement" shall mean, if applicable, that Intercreditor Agreement, dated as of the date hereof, among the Trustee and the Bondholder Representative, with respect to the Bond.

“Interest Period Reset Date” shall mean the date on which the interest rate on the Bonds converts from the Interest Rate Mode applicable to the Bonds prior to such date to a new Interest Rate Mode. An Interest Period Reset Date shall be an Interest Rate Adjustment Date for the Interest Rate Mode in effect prior to such change.

“Interest Rate Adjustment Date” shall mean any date on which the interest rate on the Bonds may be adjusted, either as the result of the conversion of the current Interest Rate Mode on the Bonds to a different Interest Rate Mode, or by adjustment of the interest rate on the Bonds within the applicable Interest Rate Mode. The Interest Rate Adjustment Date shall be the Interest Period Reset Date and thereafter, for each succeeding Interest Rate Period, the first day of the next Interest Rate Period if the Bonds bear interest at the Term Rate; Thursday of each week if the Bonds bear interest at the Weekly Interest Rate, the MMD Index Rate or the SIFMA Index Rate; and the Interest Rate Determination Date if the Bonds bear interest at the Daily Interest Rate.

“Interest Rate Determination Date” shall mean (a) with respect to the Fixed Interest Rate and the Term Rate, the tenth Business Day preceding an Interest Rate Adjustment Date; (b) with respect to the Weekly Interest Rate, the MMD Index Rate and the SIFMA Index Rate, not later than 2:00 p.m., New York, New York time, on Wednesday of each week, or the next preceding Business Day if such Wednesday is not a Business Day; provided that upon any conversion to the Weekly Interest Rate Mode, MMD Index Rate Mode or SIFMA Index Rate Mode from a different Interest Rate Mode, the first Interest Rate Determination Date shall mean not later than 2:00 p.m., New York, New York time, on the Business Day preceding the Interest Rate Adjustment Date; and (c) with respect to the Daily Interest Rate, not later than 7:45 a.m., New York, New York time, on each Business Day.

“Interest Rate Mode” shall mean any of those modes of interest with respect to the Bonds permitted by this Indenture, specifically, the Daily Interest Rate Mode, the Weekly Interest Rate Mode, the MMD Index Rate Mode, the SIFMA Index Rate Mode, the Term Rate Mode and the Fixed Interest Rate Mode.

“Interest Rate Period” shall mean that period of time for which the interest rate with respect to the Bonds has been determined by the Remarketing Agent or otherwise as provided in the definition of the applicable Interest Rate Mode, commencing on the applicable Interest Rate Adjustment Date, and terminating on the day immediately preceding the following Interest Rate Adjustment Date, if any.

“Investment Agreement” shall mean any investment agreement, between the Trustee and the provider thereof, entered into by the Trustee at the written request of the Borrower; provided such investment agreement must constitute a Permitted Investment.

“Investment Income” shall mean the earnings on any investment of the amounts on deposit in the funds and accounts established under this Indenture.

“Investor Letter” shall mean a letter in substantially the form attached to the Indenture as Exhibit D, duly executed by a purchaser of the Bonds and delivered to the Trustee and the Issuer

“Investor Limited Partner” shall mean Alliant Asset Management Company, LLC and its successors and assigns.

“Issuer” shall mean the Housing Authority of the County of Los Angeles, a public body, corporate and politic, organized and existing under the laws of the State of California.

"Issuer's Closing Fee" shall mean the Issuer's issuance fee payable by the Trustee to the Issuer on or before the Closing Date from amounts in the Costs of Issuance Fund.

"Issuer's Ongoing Fee" shall mean the annual fee of the Issuer with respect to the Bonds in the amount as set forth in and in accordance with and pursuant to the provisions of Section 7 of the Regulatory Agreement.

"Land" shall mean those parcels of real property located in the County of Los Angeles, on which the Improvements are located, as more particularly described in the Regulatory Agreement.

"Late Charge" shall mean the amount due and payable as a late charge on overdue payments under the Note, as provided in Section 7 of the Note and Section 2.8 of the Loan Agreement.

"Law" shall have the meaning set forth in the recitals above.

"Leases" shall mean the leases entered into for apartments units within the Project on the standard form of lease that has been approved by the Bondholder Representative.

"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 property or the construction, 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.

"Letter of Representations" shall mean any letter of representations between the Issuer and a Securities Depository.

"Liabilities" shall have the meaning set forth in Section 4.17 of the Loan Agreement.

"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, 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.

"Limited Partnership Agreement" shall mean the **[**Amended and Restated Agreement of Limited Partnership**]** of the Borrower dated as of the date thereof, as amended, supplemented or restated from time to time.

"Loan" shall mean the mortgage loan made by the Issuer to the Borrower pursuant to the Loan Agreement in the aggregate principal amount of the Loan Amount, as evidenced by the Note.

"Loan Agreement" shall mean the Loan Agreement, dated as of the date of this Indenture, between the Issuer and the Borrower, as supplemented, amended or replaced from time to time in accordance its terms.

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

"Loan Amount" shall mean the amount of $[2,300,000].

"Loan Documents" shall mean the Loan Agreement, the Note, the Conversion Agreement, the Mortgage, the Construction Funding Agreement, the Exceptions to Non-Recourse Guaranty, the Agreement of Environmental Indemnification, the Completion Guaranty, the Replacement Reserve Agreement, the Contingency Draw-Down Agreement and all other documents or agreements evidencing or relating to the Loan.

"Loan Payment Date" shall mean (i) when the Bonds are in the SIFMA Index Rate Mode, the MMD Index Rate Mode, the Daily Interest Rate Mode or the Weekly Interest Rate Mode, the Friday of each month immediately preceding the Bond Payment Date, or, if such day is not a Business Day, the immediately succeeding day that is a Business Day, (ii) when the Bonds are in the Fixed Interest Rate Mode or the Term Rate Mode, (A) the 25th day of the month preceding the related Bond Payment Date during a period when a Credit Facility does not enhance the Bonds pursuant to Section 4.10, and (B) the 25th day of each month during a period when a Credit Facility enhances the Bonds pursuant to Section 4.10, or (iii) any other date on which the Note is prepaid or paid, whether at the scheduled maturity or upon the redemption or acceleration of the maturity thereof.

"Loan Payments" shall mean the monthly loan payments payable pursuant to the Note and transferred to the Trustee by the Servicer, which payments shall include amounts necessary to fund the amount payable for Third Party Fees.

"Management Agreement" shall mean the Management Agreement 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 any Bondholder Representative in accordance with the terms of the Mortgage, the Loan Agreement or any of the other Bond Documents.

"Mandatory Tender Date" shall mean (i) a Substitution Date, (ii) any date when the Bonds are converted from one Interest Rate Mode to a different Interest Rate Mode (other than changes from the Daily Interest Rate to the Weekly Interest Rate or from the Weekly Interest Rate to the Daily Interest Rate), (iii) the Interest Rate Adjustment Date associated with the end of an Interest Rate Period when the Bonds bear interest at a Term Rate, and (iv) the expiration date of the Credit Facility, if applicable, if not renewed or otherwise substituted.

"Maturity Date" shall mean [October 1, 2045].

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

"MMD Index Rate" shall mean a rate equal to the index rate resets of tax exempt variable rate issues known as Municipal Market Data General Obligation, AAA Index, with a designated maturity most closely approximating the period of time for which the MMD Index Rate may apply, as published on any Business Day by Municipal Market Data, a Thomson Financial Services Company, or its successors, plus a spread established by the Bondholder Representative; provided that in no event shall the MMD Index Rate exceed the Maximum Rate.

"MMD Index Rate Mode" shall mean the interest rate mode during any period when the Bonds bear interest at the MMD Index Rate.

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

"Mortgage" shall mean the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof, executed by the Borrower and granting a first lien on the Project for the benefit of the Issuer and assigned to the Trustee, including any amendments and supplements thereto as herein permitted.

"Negative Arbitrage Account" shall mean the account of such name established within the Project Fund under Section 8.2 of this Indenture.

"Negative Arbitrage Deposit" shall mean the Negative Arbitrage Deposit, if any, required to be made by the Borrower under the Contingency Draw-Down Agreement.

"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 Bonds and which is not acquired to carry out the governmental purpose of the Bonds.

"Note" shall mean the Multifamily Note, dated as of the Closing Date, in the stated principal amount of the Loan Amount and executed by the Borrower in favor of the Issuer, as assigned to the Trustee, as it may be amended, supplemented or replaced from time to time.

"Notice of Interest Rate Conversion" shall have the meaning ascribed hereto in Article IV and attached hereto as Exhibit E.

"Notice of Subordination of Bond" shall have the meaning ascribed thereto in Article XVI and substantially in the form attached hereto as Exhibit F.

"Office of the Trustee" shall mean the applicable office of the Trustee at the address set forth in Section 15.1, or at such other place or places as may be designated by the Trustee from time to time.

"Opinion of Counsel" shall mean a written opinion from an attorney or firm of attorneys, acceptable to the Issuer, the Trustee and the Bondholder Representative with experience in the matters to be covered in the opinion.

"Original Bond Purchaser" shall mean Citibank, N.A.

"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.

"Outside Conversion Date" shall have the meaning ascribed thereto in the Conversion Agreement.

"Outstanding" or "Outstanding Bonds" shall mean the sum of the Bonds theretofore authenticated and delivered under this Indenture, except:

(a) any Bonds theretofore canceled or required to be canceled by the Trustee or delivered to the Trustee for cancellation;

(b) any Bonds which are deemed to have been paid in accordance with this Indenture;

(c) any Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to this Indenture;

(d) any Bonds not tendered when required under the provisions of this Indenture which are deemed tendered.

In determining whether the Registered Owners of a requisite aggregate principal amount of Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of this Indenture, the Loan Agreement or any other Bond Document, Bond which are owned by or held for the account of the Borrower, the Issuer or any other obligor on the Bonds, or any Affiliate of any one of said entities shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

"Participant" shall mean a broker-dealer, bank or other financial institution for which the Securities Depository holds the Bonds as a securities depository.

["Payment and Performance Letter of Credit" shall mean that letter of credit issued by [____________] [and by __________] in the principal amount of $[________] and payable to the Trustee].

"Payment and Performance Letter of Credit Fund" shall mean the fund created pursuant to Section 8.2 of this Indenture.

"Permitted Encumbrances" shall have the meaning given such term in the Mortgage.

"Permitted Investments" shall mean, to the extent authorized by law for investment of moneys of the Issuer:

(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 (A) the Qualified Financial Institution's unsecured short term obligations are rated in the Highest Rating Category or (B) 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) an agreement held by the Trustee 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 Bondholder Representative; 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 Trustee is required to pay moneys from the Fund(s) established under this Indenture 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 Bonds 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 Trustee receives 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 Trustee or a third party custodian, such collateralization to be effected in a manner and in an amount reasonably satisfactory to the Bondholder Representative, or, if the agreement is already collateralized, increase the collateral with Permitted Investments described in paragraph (a) or (b) by depositing collateral with the Trustee or a third party custodian, in an amount reasonably satisfactory to the Bondholder Representative, (B) at the request of the Trustee or the Bondholder Representative, 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

down-graded provider may elect which of the remedies to the down-grade (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 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 Trustee or any of its 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 Bondholder Representative, a money market mutual fund portfolio may also contain obligations and agreements to repurchase obligations described in paragraphs (b) or (c). If the Bonds are 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 Bonds are 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 Bonds are 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 Bondholder Representative.

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 any obligation that provides for the optional or mandatory tender, at par, by the holder of such obligation at least once within one year of the date of purchase, Government Obligations irrevocably deposited with the Trustee for payment of Bond pursuant to Section 14.2, and 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.

"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.

"Pledged Bonds" shall mean Bonds (or portions thereof) purchased with moneys drawn under the Credit Facility.

"Pledged Bonds Remarketing Date" shall have the meaning ascribed to such term in Section 5.5(c) hereof.

"Pledged Revenues" shall mean the amounts pledged under this Indenture to the payment of the principal of and premium and interest on the Bonds, consisting of the following: (a) all income, revenues, proceeds and other amounts to which the Issuer is entitled (other than amounts received by the Issuer with respect to the Unassigned Issuer's Rights) and which are held by the Trustee, derived from or in connection with the Project and the Bond Documents, including all Loan Payments due under the Loan Agreement and the Note, all Cap Payments, if any, payments with respect to the Loan Payments made under any Swap Agreement, if applicable, and all amounts obtained through the exercise of the remedies provided in the Bond Documents and all receipts of the Trustee credited under the provisions of this Indenture against said amounts payable, and (b) moneys held in the funds and accounts established under this Indenture, together with investment earnings thereon (except any amounts on deposit in the Expense Fund and the Rebate Fund).

"Pre-Conversion Loan Equalization Payment" shall mean a partial prepayment of the Loan in accordance with the Conversion Agreement in connection with Conversion.

"Prepayment Premium" shall mean (i) any premium payable by the Borrower pursuant to the Loan Documents in connection with a prepayment of the Note (including any prepayment premium as set forth in the Note) and (ii) any premium payable on the Bonds pursuant to this Indenture.

"Principal Reserve Amount" shall mean initially zero percent (0%) of the aggregate principal amount of the Bonds originally issued and delivered, but upon delivery of a Written Notice of the Borrower, with the Written Consent of the Bondholder Representative, may mean any amount designated by the Borrower with the Written Consent of the Bondholder Representative, provided, however, that such amount shall never exceed twenty percent (20%) of the aggregate principal amount of the Outstanding Bonds.

"Principal Reserve Fund" shall mean the Principal Reserve Fund established pursuant to Section 8.2.

"Principal Reserve Fund Deposit" shall mean each deposit required to be made pursuant to the Principal Reserve Fund Deposit Schedule.

"Principal Reserve Fund Deposit Schedule" shall mean the Principal Reserve Fund Deposit Schedule (if any) attached to the Note which may be revised from time to time by the Bondholder Representative as provided in Section 6.5 or Section 8.14.

"Project" shall mean the Land and Improvements thereon in which an interest is held by the Borrower and encumbered by the Mortgage, together with all rights pertaining to such real property and Improvements, as more particularly described in the Granting Clauses of the Mortgage and referred to therein as the "Mortgaged Property."

"Project Fund" shall mean the Project Fund created pursuant to Section 8.2.

"Proportionate Basis" when used with respect to the redemption of the Bonds, shall mean that the aggregate principal amount of each maturity (and series, if applicable) to be redeemed shall be determined as nearly as practicable by multiplying the total amount of funds available for redemption by the ratio which the principal amount of the Bonds of each maturity (of such series, if applicable) then Outstanding and to be redeemed bears to the principal amount of all Bonds (of such series, if applicable) then Outstanding and to be redeemed; provided that if the amount available for redemption of the Bonds of any maturity is insufficient to redeem a multiple of the minimum Authorized Denomination, such amount shall be applied to the redemption of the highest possible integral multiple (if any) of $1 principal amount of such maturity. For purposes of the foregoing, the Bonds shall be deemed to mature in the years and in the amounts of the sinking fund installments as set forth in Section 6.7. Any Bonds purchased with moneys that would otherwise be applied to redemption on a Proportionate Basis on the next succeeding Bond Payment Date shall be taken into account in determining "Proportionate Basis" with respect to such redemption. When used with respect to the purchase of Bonds, "Proportionate Basis" shall have the same meaning as set forth above (substituting purchase for redeem or redemption, and purchased for redeemed).

"Purchase Price" shall mean (i) the price paid for the purchase of the Bonds in lieu of redemption pursuant to Section 6.9 of this Indenture, which shall be equal to the applicable Redemption Price, and (ii) if the Bonds are subject to optional or mandatory tender in any Interest Rate Mode, the price payable to Bondholders equal to the principal amount of the Outstanding Bonds plus accrued interest thereon to the date of purchase.

"Qualified Buyer" shall mean (a) a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended ("Rule 144A"); (b) an institutional "accredited investor" as defined in Rule 501(1), (2), (3) or (7) promulgated under the Securities Act of 1933, as amended; or (c) a special purpose entity, trust or other custodial arrangement established by the Original Bond Purchaser where all interests are in $100,000 minimum denominations and all the interests (other than a residual interest held by a QIB) are credit enhanced and rated in the "A" category or higher by a Rating Agency, and a single QIB shall at all times hold a controlling interest in the residual interests.

"Qualified Financial Institution" shall mean any of: (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, a savings and loan association, or an 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 Bondholder Representative the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation and (vii) any other entity which is acceptable to the Bondholder Representative. With respect to an entity which provides an agreement held by the Trustee 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 United States Treasury Regulations §1.103-8(a)(1), provided, however, that only such portion of the interest accrued during rehabilitation 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 rehabilitation of the Project; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being 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 rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by such affiliate, and (C) 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 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 the date of a declaration of "official intent" to reimburse costs paid with respect to the Project (within the meaning of §1.150-2 of the United States Treasury Regulations) or the date of issue of the Bonds, and (iv) if the costs of the acquisition and rehabilitation of the Project were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations §1.150-2 (F) (2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition and rehabilitation of the Project that do not exceed twenty percent (20%) of the issue price of the Bonds (as defined in United States Treasury Regulations §1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (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 (3) years after the expenditures is paid).

"Rating Agency" shall mean any one and each of Standard & Poor's, Moody's and Fitch Ratings then rating the Bonds or the Securities or any other nationally-recognized statistical rating agency then rating the Bonds or the Securities, which has been approved by the Bondholder Representative and the Issuer.

"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 Bonds.

"Rebate Analyst" shall mean the rebate analyst selected by the Borrower prior to the Closing Date and acceptable to the Issuer and the Bondholder Representative. 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 $800. The Rebate Analyst's Fee is payable by the Trustee to the Rebate Analyst upon receipt of an invoice from the Expense Fund, commencing [________ 1], 2019, every fifth anniversary thereof, and the Maturity Date.

"Rebate Fund" shall mean the Rebate Fund created pursuant to Section 8.2.

"Record Date" shall mean (i) while the Bonds bear interest in the MMD Index Rate Mode, the SIFMA Index Rate Mode, the Weekly Interest Rate Mode and the Daily Interest Rate Mode, the day immediately prior to any Bond Payment Date, or (ii) while the Bonds bear interest in the Term Rate Mode or the Fixed Interest Rate Mode, the fifteenth (15^{th}) calendar day of the month preceding the applicable Bond Payment Date.

"Redemption Price" shall mean the sum of (a) the outstanding principal amount of the Bonds to be redeemed, (b) accrued and unpaid interest on the Bonds to be redeemed to the date of redemption (including any additional interest required to be paid under the Note following a Determination of Taxability) and (c) the Prepayment Premium, if any.

"Registered Holder" shall mean the Person or Persons in whose name or names the Bonds are registered in the Bond Register.

"Registered Owners" shall have the meaning set forth in the definition of "Bondholders."

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

"Regulatory Agreement" shall mean collectively that Regulatory Agreement and Declaration of Restrictive Covenants, each dated as of the date hereof, by and among the Issuer, the Trustee and the Borrower, as hereafter amended or modified.

"Reimbursement Agreement" shall mean any reimbursement agreement between the Borrower and the Credit Facility Provider, as such agreement may be amended from time to time.

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

"Remaining Bond Proceeds Account" shall mean the account of such name established within the Project Fund under Section 8.2 of this Indenture.

"Remaining Bond Proceeds Account Earnings Subaccount" shall mean the subaccount of such name established within the Remaining Bond Proceeds Account.

"Remarketing Agent" shall mean any remarketing agent satisfying the requirements of Section 12.19 hereof and approved by the Bondholder Representative.

"Remarketing Agreement" shall mean any remarketing agreement between the Remarketing Agent and the Borrower for purposes of remarketing the Bond, as such agreement may be amended from time to time.

"Remarketing Proceeds Fund" shall mean the Remarketing Proceeds Fund created pursuant to Section 8.2.

"Rents" shall have the meaning ascribed thereto in the Mortgage.

"Replacement Reserve Agreement" shall mean any Replacement Reserve Agreement between the Borrower and the Trustee, as the same may be amended, restated or supplemented from time to time.

"Resolution" shall mean the resolution of the Issuer authorizing the issuance of the Bonds and the execution and delivery of the Bond Documents to which it is a party.

"Responsible Officer" shall mean any officer within the Corporate Trust Department (or any successor group) of the Trustee, including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee 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 Indenture.

"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 Bonds are 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 Bonds are 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.

"Secondary Market Transaction" shall have the meaning set forth in Section 8.1.1 of the Loan Agreement.

"Securities" shall have the meaning ascribed thereto in Section 8.1.1 of the Loan Agreement.

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

"Securities Depository" shall mean The Depository Trust Company and any substitute for or successor to such securities depository that shall maintain a Book-Entry System with respect to the Bond.

"Securities Depository Nominee" shall mean the Securities Depository or the nominee of such Securities Depository in whose name the Bonds shall be registered on the registration books of the Issuer while the Bonds are in a Book-Entry System.

"Senior Bond" shall mean, initially, the Bond; provided that the Bondholder Representative may designate any Authorized Denomination of Bond as "Senior Bond" pursuant to Article XVI in connection with the designation of a Subordinate Bond.

"Servicer" shall mean the Servicer contracting with or appointed by the Bondholder Representative to service the Loan. The initial Servicer shall be Citibank, N.A.

"Servicer Remittance Date" shall mean the first Business Day immediately preceding the Bond Payment Date, commencing on [_________], 2014.

"Servicing Agreement" shall mean any servicing agreement or master servicing agreement, among the Servicer, the Trustee, the Swap Counterparty (if any, as approved by the Bondholder Representative), and the Bondholder Representative relating to the servicing of the Loan and any amendments thereto or any replacement thereof.

"SIFMA" shall mean the Securities Industry & Financial Markets Association (formerly The Bond Markets Association), and any successor thereto.

"SIFMA Index Rate" shall mean a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA (formerly The Bond Markets Association) or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Bondholder Representative, plus a spread equal to [_____]%; provided that in no event shall the SIFMA Index Rate exceed the Maximum Rate.

"SIFMA Index Rate Mode" shall mean the interest rate mode during any period when the Bonds bear interest at the SIFMA Index Rate.

"Standard & Poor's" or "S&P" shall mean Standard & Poor's Ratings Services, a Division of the McGraw Hill Companies, Inc., or its successor.

"State" shall mean the State of California.

"Subordinate Bond" shall mean any Authorized Denomination of Bond so designated by the Bondholder Representative as "Subordinate Bond" pursuant to Article XVI.

"Subordinate Loans" means collectively: (i) that loan in the amount of $______________ by the California Department of Housing and Community Development to the Borrower; (ii) that loan in the amount of $_______________ from the Issuer to the Borrower; and (iii) that loan in the amount of $______________ from the Issuer to the Borrower.

"Substitution Date" shall mean any Business Day established for the mandatory tender and purchase of the Bonds in connection with the delivery to the Trustee of a Credit Facility pursuant to Section 4.10 hereof.

"Supplemental Indenture" shall mean a supplemental trust indenture entered into in accordance with and for the purposes set forth in Article XIII of this Indenture.

"Surplus Fund" shall mean the Surplus Fund created pursuant to Section 8.2 of this Indenture.

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

"Swap Counterparty" shall mean, if applicable, Citibank, N.A. and its successors and assigns during the term of the initial Swap Agreement, and subsequently, any other Person entering into a Swap Agreement with the Borrower.

"Tax Certificate" shall mean the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, dated the Closing Date, executed and delivered by the Issuer and the Borrower, together with the Borrower Cost Certificate dated the Closing Date, executed and delivered by the Borrower.

"Taxes" shall mean all 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.

"Tax-Exempt Bond Account" shall mean the Tax-Exempt Bond Account of the Project Fund created pursuant to Section 8.2.

"Tender Agent" shall mean initially the Trustee, and any successor tender agent appointed under this Indenture.

"Term" shall mean the term of the Loan Agreement pursuant to Section 9.25 of the Loan Agreement.

"Term Rate" shall mean (a) the rate of interest per annum with respect to a Term Rate Mode determined by the Remarketing Agent, on the Interest Rate Determination Date immediately preceding the applicable Interest Rate Adjustment Date, to be the lowest interest rate for the Interest Rate Period commencing on the applicable Interest Rate Adjustment Date and ending on the date determined by the Remarketing Agent, in the judgment of the Remarketing Agent (taking into consideration current transactions and comparable securities with which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions) at which, as of such Interest Rate Determination Date, the Bonds could be remarketed at par, plus the accrued interest, if any, on the Interest Rate Adjustment Date for that Interest Rate Period; or (b) in the event that the Remarketing Agent has been removed or has resigned and no successor has been appointed, or the Remarketing Agent has failed to determine the Term Rate for whatever reason, or the Term Rate cannot be determined pursuant to clause (a) for whatever reason, the interest rate then in effect with respect to the Bonds, without adjustment; provided that in no event shall the Term Rate exceed the Maximum Rate.

"Term Rate Mode" shall mean the Interest Rate Mode at any time the Bonds bear interest at the Term Rate.

"Third Party Fees" shall mean the Issuer's Ongoing Fee, the Trustee's Fee and the Rebate Analyst's Fee.

"Title Insurance Policy" shall mean the mortgagee title insurance policy, in form acceptable to the Bondholder Representative, issued with respect to the Project and insuring the lien of the Mortgage.

"Transfer" shall have the meaning ascribed thereto in the Mortgage.

"Trust Estate" shall mean the Trust Estate described in the granting clauses of Article II of this Indenture.

"Trustee" shall mean U.S. Bank National Association, and any successor trustee or co-trustee appointed under this Indenture.

"Trustee's Fee" shall mean the annual fee of the Trustee in the amount of $[______]. The Trustee's Fee is payable on the Closing Date and annually in advance thereafter from the Expense Fund on each [_____] 1, commencing on [______] 1, 2015, so long as the Bonds are Outstanding.

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

"Unassigned Issuer's Rights" shall mean the rights of the Issuer, its commissioners, officers, attorneys, accountants, employees, agents and consultants, past, present and future under the Loan Agreement and the Regulatory Agreement to be held harmless and indemnified, to be paid its fees and expenses, to give or withhold consent to amendments, changes, modifications and alterations, to receive notices and the right to enforce such rights, including the Issuer's rights under and relating to the enforcement of the Regulatory Agreement, to receive the Rebate Amount under Section 2.6 of the Loan Agreement, its rights of access under Section 4.19 thereof, its rights to indemnification under Section 4.17 thereof, its rights to attorneys' fees under Section 4.15 thereof, its rights to receive notices, reports and other statements and its rights to consent to certain matters, as provided in this Indenture and the Loan Agreement, its right to activate defaults and remedies under Article XI hereof, and to the extent not included above, the rights specifically reserved by the Issuer under this Indenture.

"USD-SIFMA Municipal Swap Index" shall mean, for any day, a per annum rate, expressed as a decimal, equal to:

(a) if such day is an Interest Rate Determination Date, (i) the level of the index which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by SIFMA and issued on Wednesday of each week, or if any Wednesday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day; or (ii) if such index is no longer published, then (A) any comparable rate, as determined by the Indexing Agent, or (B) if there is no comparable rate, as determined by the Indexing Agent, the rate for such day shall be 85% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day such USD-SIFMA Municipal Swap Index would otherwise be determined as provided herein for such Interest Rate Period; and

(b) if such day is not an Interest Rate Determination Date, the rate for such day shall be the rate determined pursuant to the preceding clause (a) of this definition for the next preceding Interest Rate Determination Date.

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

"Weekly Interest Rate" shall mean (a) the rate of interest per annum during a Weekly Rate Mode determined by the Remarketing Agent on the Interest Rate Determination Date immediately preceding the applicable Interest Rate Adjustment Date, to be the lowest interest rate for the Interest Rate Period of one week (or less in the case of any such Interest Rate Period commencing on an Interest Period Reset Date which is not a Thursday) commencing on the applicable Interest Rate Adjustment Date, in the judgment of the Remarketing Agent (taking into consideration current transactions and comparable securities with which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions) at which, as of such Interest Rate Determination Date, the Bonds could be remarketed at par, plus the accrued interest, if any, on the Interest Rate Adjustment Date for that Interest Rate Period; or (b) in the event that the Remarketing Agent has been removed or has resigned and no successor has been appointed, or the Remarketing Agent has failed to determine the Weekly Interest Rate for whatever reason, or the Weekly Interest Rate cannot be determined pursuant to clause (a) for whatever reason, the USD-SIFMA Municipal Swap Index then in effect; provided that in no event shall the Weekly Interest Rate exceed the Maximum Rate.

"Weekly Interest Rate Mode" shall mean the interest rate mode during any period when the Bonds bear interest at the Weekly Interest Rate.

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

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

Section 1.2. Ownership of Bonds; Effect of Action by Bondholders. (a) The ownership of the Bonds shall be proved by the Bond Register.

(b) Any request, demand, authorization, direction, notice, consent, waiver or other action by Bondholders shall bind every future Bondholder and the Registered Owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 1.3. 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 1.4. Date of Indenture. The date of this Indenture is intended as and for a date for the convenient identification of this Indenture and is not intended to indicate that this Indenture was executed and delivered on said date.

Section 1.5. Designation of Time For Performance. Except as otherwise expressly provided herein, any reference in this Indenture to the time of day shall mean the time of day in the city where the Trustee maintains its place of business for the performance of its obligations under this Indenture.

Section 1.6. Interpretation. The parties hereto acknowledge that each of them and the Bondholder Representative and their respective counsel have participated in the drafting and revision of this Indenture. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Indenture or any amendment or supplement or exhibit hereto or thereto.

ARTICLE II

GRANTING CLAUSES

To secure the payment of the Borrower Payment Obligations and the performance of the covenants herein and in the Bonds contained, to declare the terms and conditions on which the Bonds are secured, and in consideration of the premises and of the purchase of the Bonds by the Bondholders, the Issuer by these presents does grant, bargain, sell, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Trustee (except as limited by this Indenture) for the benefit of the Bondholders a lien on and security interest in the following described property (excepting, however, the Unassigned Issuer's Rights):

(a) All right, title and interest of the Issuer in, to and under the Loan Agreement and the Note, including, without limitation, all rents, revenues and receipts derived by the Issuer from the Borrower relating to the Project and including, without limitation, the Initial Bond Fund Deposit, all Pledged Revenues, Loan Payments and Additional Payments derived by the Issuer under and pursuant to, and subject to the provisions of, the Loan Agreement; provided that the pledge and assignment made under this Indenture shall not impair or diminish the obligations of the Issuer under the provisions of the Loan Agreement.

(b) All right, title and interest of the Issuer in, to and under, together with all rights, remedies, privileges and options pertaining to, the Bond Documents, and all other payments, revenues and receipts derived by the Issuer under and pursuant to, and subject to the provisions of, the Bond 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 Trustee under this Indenture (but excluding the Expense Fund and the Rebate Fund), subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein.

(d) Any and all moneys and investments from time to time on deposit in, or forming a part of, the Remaining Bond Proceeds Account and the Remaining Bond Proceeds Account Earnings Subaccount, any Negative Arbitrage Deposit and any other amounts held under the Contingency Draw-Down Agreement, subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

(e) 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 Indenture as additional security by the Issuer or anyone on its part or with its consent, or which pursuant to any of the provisions hereof or of the Loan Agreement may come into the possession or control of the Trustee or a receiver appointed pursuant to this Indenture; and the Trustee is hereby authorized to receive any and all such property as and for additional security for the Bonds and to hold and apply all such property subject to the terms hereof.

TO HAVE AND TO HOLD all said property, rights and privileges of every kind and description, real, personal or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, alienated, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the appurtenances thereto appertaining (said property, rights and privileges being herein collectively called, the "Trust Estate") unto the Trustee and its successors and assigns forever;

BUT IN TRUST, NEVERTHELESS, for the benefit and security of the Bondholders, as herein provided.

ARTICLE III

LIMITED LIABILITY

Section 3.1. Source of Payment of Bonds and Other Obligations; Disclaimer of General Liability. The Bonds are limited obligations of the Issuer, payable solely from the Pledged Revenues and other funds and moneys pledged and assigned hereunder. Neither the Issuer, the State, nor any political subdivision thereof (except the Issuer, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever except as set forth herein, and none of the Bonds or any of the Issuer's agreements or obligations 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. The Issuer has no taxing power.

Section 3.2. Exempt From Individual Liability. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future officer, director, employee or agent of the Issuer or the Trustee in his individual capacity, and neither the officers, directors, employees or agents of the Issuer or the Trustee executing the Bonds or this Indenture shall be liable personally on the Bonds or under this Indenture or be subject to any personal liability or accountability by reason of the issuance of the Bonds or the execution of this Indenture.

ARTICLE IV

THE BONDS

Section 4.1. Terms.

(a) Designation; Principal Amount. There is hereby authorized, established and created an issue of Bonds of the Issuer to be known and designated as the "Multifamily Housing Revenue Bonds (Villa Nueva RHCP Apartments) 2014 Series B." Any Subordinate Tax-Exempt Bond designated by the Bondholder Representative pursuant to Article XVI of this Indenture shall be entitled "Multifamily Housing Revenue Bonds (Villa Nueva RHCP Apartments) Subordinate 2014 Series B-S."

(b) Principal Amount. The total principal amount of the Bonds that may be issued hereunder is hereby expressly limited to the Authorized Amount. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article.

(c) Registered Bonds; Numbering; Authorized Denominations. The Bonds shall be issuable in Authorized Denominations as specified by the Bondholder Representative. Thereafter, the Bonds shall be issuable in any Authorized Denomination required to effect transfers, exchanges or redemptions permitted or required by this Indenture.

The Bonds shall be issuable as a registered Bond without coupons. The Bonds shall be numbered consecutively from R1-1 upwards, and any Subordinate Bonds shall be numbered consecutively from S1-1 upwards.

(d) Dated Date; Maturity. The Bonds shall be dated the Closing Date, and shall mature on the applicable Maturity Date.

(e) Interest Rate; Accrual of Interest. The Bonds shall bear interest at the Bond Coupon Rate. The Bond Coupon Rate for each Interest Rate Period while the Bonds bear interest in the SIFMA Index Rate Mode or the MMD Index Rate Mode shall be determined by the Indexing Agent on each Interest Rate Determination Date. The Indexing Agent will promptly after such determination notify the Trustee, the Borrower and the Bondholder Representative of the applicable Bond Coupon Rate. The Trustee can conclusively rely on the Bond Coupon Rate information provided to it by the Indexing Agent.

Interest shall be calculated on the basis of a 360 day year of twelve 30-day months so long as interest is payable at the MMD Index Rate, Term Rate or the Fixed Interest Rate. Interest on the Bonds shall be computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed so long as interest is payable at the SIFMA Index Rate, Daily Interest Rate or Weekly Interest Rate.

Interest on the Bonds shall accrue from the date of their initial delivery; provided that interest on any Bond authenticated subsequent to the initial delivery date shall accrue from the Bond Payment Date next preceding the date of authentication, unless (i) authenticated prior to the first Bond Payment Date, in which event interest on such Bond shall accrue from the initial delivery date, or (ii) authenticated on a Bond Payment Date, in which event interest on such Bond shall accrue from the date of authentication. If, as shown by the records of the Trustee, interest on the Bonds is in default, interest on Bonds issued in exchange for Bonds surrendered for registration of transfer or exchange shall accrue from the date to which interest has been paid in full on the Bonds, or, if no interest has been paid on the Bonds, from the initial delivery date. The amount of interest payable on the Bonds on each Bond Payment Date shall be the amount of interest accrued thereon from the preceding Bond Payment Date (or other date as described above) to, but not including, the Bond Payment Date on which interest is being paid.

The Bonds shall initially bear interest in the **[**SIFMA Index Rate Mode**]** to but not including the Conversion Date. On and after the Conversion Date, the Bonds shall bear interest in the **[**Fixed Interest Rate Mode**]**. The Conversion to the Fixed Interest Rate Mode on and after the Conversion Date shall occur automatically.

(f) Interest Payments. Interest shall be due and payable on the Bonds, in arrears, on each applicable Bond Payment Date from Eligible Funds. Priority of interest payments shall be provided in Section 8.4. In any case where any Bond Payment Date is not a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if such payment was made on the originally scheduled date and no interest shall accrue for the period after such Bond Payment Date through the date payment is actually made.

(g) Principal Payments. Principal of the Bonds shall be payable as provided herein on the applicable Maturity Date and upon redemption or acceleration thereof.

(h) Usury. The Issuer intends to conform strictly to the usury laws applicable to this Indenture and the Bonds and all agreements made in the Bonds, this Indenture and the Bond Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid to the Bondholders 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 Bonds, this Indenture or the other Bond Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If from any circumstances whatsoever, the Bondholders 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 Bondholders, 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 Bonds, this Indenture and all other Bond Documents.

In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the Issuer intends and agrees that (i) interest shall be computed upon the assumption that payments under the Loan Agreement and other Bond 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 Bonds.

(i) Payment of Bond Obligations. Payments of the Bond Obligations shall be made on the applicable Bond Payment Dates to the Registered Holders as provided herein. The Bond Obligations shall be payable in lawful money of the United States of America by check drawn upon the Trustee and mailed by first class mail, postage prepaid, on the Bond Payment Date to the persons in whose names the Bonds are registered in the Bond Register at the close of business on the Record Date, except that if a Registered Holder so elects, any payment of Bond Obligations due to such Registered Holder shall be made by wire transfer of federal reserve funds to any account in the United States of America designated by such Registered Holder if such Registered Holder, at its expense, (a) so directs by written notice delivered to the Trustee at least ten (10) Business Days before the date upon which such wire transfer or other arrangement is to be made and (b) otherwise complies with the reasonable requirements of the Trustee.

(j) No Presentation. No presentation or surrender of Bonds shall be required in connection with any partial redemption of any Bonds. The Trustee shall maintain a record of the remaining Outstanding of each maturity of Bonds and shall, upon any transfer or exchange, issue the replacement Bonds in the principal amount Outstanding.

The Issuer shall deliver and deposit with the Bond Purchaser such additional documents, financing statements, and instruments as the Bond Purchaser or Trustee may reasonably require from time to time with respect to any amounts held under the Contingency Draw-Down Agreement for the better perfecting and assuring to the Trustee of its lien and security interest in and to the Trust Estate, at the expense of the Borrower.

(k) Draw-down Bond. The Bonds are issued as draw-down Bonds. The Original Bond Purchaser shall fund the purchase price of the Bonds from time to time, in accordance with the Bond Purchase Agreement, to provide funds for deposit in the Tax-Exempt Bond Account of the Project Fund for the payment of requisitions therefrom. The initial purchase of Bonds by the Original Bond Purchaser on the Closing Date will be in an amount not less than $55,000. Amounts funded in such manner shall be noted on the principal draw-down schedule attached to each Bond and acknowledged thereon by the Trustee. In lieu of notation on the Bonds by the Trustee of the principal amount funded with respect to the Bonds, the Trustee may record such information in the Bond recordkeeping system maintained by the Trustee.

Upon deposit by the Bond Purchaser of each installment of the purchase price of each draw-down Bond and notation on the applicable Bond principal schedule by the Trustee, the aggregate amount of Bond purchased shall be deemed Outstanding and shall begin to accrue interest. Notwithstanding anything herein to the contrary, the aggregate purchase price of the Bonds funded by the Bond Purchaser may not exceed the Authorized Amount and no additional amounts may be funded after December 31, 2017.

(l) Contingency Draw-Down Agreement. The Issuer has reviewed and approved the form of Contingency Draw-Down Agreement dated as of [_______] 1, 2014 among the Bond Purchaser, the Borrower and the Trustee (the "Contingency Draw-Down Agreement") and consents to the terms thereof and agrees to take all actions reasonably required of the Issuer in connection with the conversion of the Bond issue to a fully funded Bond issue pursuant to the provisions of the Contingency Draw-Down Agreement in the event a Draw-Down Notice is filed by the Bond Purchaser or the Borrower.

NO RECOURSE UNDER OR UPON ANY OBLIGATION, COVENANT, WARRANTY OR AGREEMENT CONTAINED IN THIS INDENTURE OR IN THE BONDS, OR UNDER ANY JUDGMENT OBTAINED AGAINST THE ISSUER, OR THE ENFORCEMENT OF ANY ASSESSMENT, OR ANY LEGAL OR EQUITABLE PROCEEDINGS BY VIRTUE OF ANY CONSTITUTION OR STATUTE OR OTHERWISE, OR UNDER ANY CIRCUMSTANCES UNDER OR INDEPENDENT OF THIS INDENTURE, SHALL BE HAD AGAINST THE COMMISSIONERS, OFFICERS, AGENTS OR EMPLOYEES OF THE ISSUER, AS SUCH, PAST, PRESENT OR FUTURE OF THE ISSUER, EITHER DIRECTLY OR THROUGH THE ISSUER OR OTHERWISE, FOR THE PAYMENT FOR OR TO THE ISSUER OR ANY RECEIVER OF THE ISSUER, OR FOR OR TO THE OWNERS OF THE BONDS, OR OTHERWISE, OF ANY SUM THAT MAY BE DUE AND UNPAID BY THE ISSUER OR ITS GOVERNING BODY UPON THE BONDS. 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 ISSUER'S COMMISSIONERS, OFFICER, AGENT OR EMPLOYEE, AS SUCH, PAST, PRESENT OR FUTURE OF THE ISSUER BY REASON OF ANY ACT OR OMISSION ON HIS OR HER PART OR OTHERWISE, FOR THE PAYMENT FOR OR TO THE OWNERS OF THE BONDS OR OTHERWISE OF ANY SUM THAT MAY REMAIN DUE AND UNPAID UPON THE BONDS SECURED BY THIS INDENTURE OR ANY OF THEM, BY THE ACCEPTANCE OF THE BONDS, IS EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND IN CONSIDERATION FOR THE EXECUTION OF THIS INDENTURE AND THE ISSUANCE OF THE BONDS. ANYTHING IN THIS INDENTURE TO THE CONTRARY NOTWITHSTANDING, IT IS EXPRESSLY UNDERSTOOD BY THE PARTIES TO THIS INDENTURE THAT (A) THE ISSUER MAY RELY EXCLUSIVELY ON THE TRUTH AND ACCURACY OF ANY CERTIFICATE, OPINION, NOTICE OR OTHER INSTRUMENT FURNISHED TO THE ISSUER BY THE TRUSTEE OR ANY BONDHOLDER AS TO THE EXISTENCE OF ANY FACT OR STATE OF AFFAIRS, (B) THE ISSUER SHALL NOT BE UNDER ANY OBLIGATION UNDER THIS INDENTURE TO PERFORM ANY RECORDKEEPING OR TO PROVIDE ANY LEGAL SERVICES, IT BEING UNDERSTOOD THAT SUCH SERVICES SHALL BE PERFORMED OR CAUSED TO BE PERFORMED BY THE TRUSTEE, THE SERVICER OR BY ANY BONDHOLDER AND (C) NONE OF THE PROVISIONS OF THIS INDENTURE SHALL REQUIRE THE ISSUER TO EXPEND OR RISK ITS OWN FUNDS OR OTHERWISE TO INCUR FINANCIAL LIABILITY IN THE PERFORMANCE OF ANY OF ITS DUTIES OR IN THE EXERCISE OF ANY OF ITS RIGHTS OR POWERS UNDER THIS INDENTURE, UNLESS IT SHALL FIRST HAVE BEEN ADEQUATELY INDEMNIFIED TO ITS SATISFACTION AGAINST ANY COSTS, EXPENSES AND LIABILITY WHICH IT MAY INCUR AS A RESULT OF TAKING SUCH ACTION. NO RECOURSE FOR THE PAYMENT OF ANY PART OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR FOR THE SATISFACTION OF ANY LIABILITY ARISING FROM, FOUNDED UPON OR EXISTING BY REASON OF THE ISSUANCE, PURCHASE OR OWNERSHIP OF ANY BONDS SHALL BE HAD AGAINST ANY OFFICER, MEMBER, AGENT OR EMPLOYEE OF THE ISSUER, AS SUCH, ALL SUCH LIABILITY BEING EXPRESSLY RELEASED AND WAIVED AS A CONDITION OF AND AS A PART OF THE CONSIDERATION FOR THE EXECUTION OF THIS

INDENTURE AND THE ISSUANCE OF THE BONDS. NO COVENANT, STIPULATION, OBLIGATION OR AGREEMENT OF THE ISSUER CONTAINED IN THIS INDENTURE SHALL BE DEEMED TO BE A COVENANT, STIPULATION, OBLIGATION OR AGREEMENT OF ANY PRESENT OR FUTURE MEMBER, OFFICER, AGENT OR EMPLOYEE OF THE ISSUER IN OTHER THAN THAT PERSON'S OFFICIAL CAPACITY. NO MEMBER, OFFICER, AGENT OR EMPLOYEE OF THE ISSUER SHALL BE INDIVIDUALLY OR PERSONALLY LIABLE FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS. THE ISSUER HAS NO TAXING POWER.

Section 4.2. Form of Bonds. The Bonds and the certificate of authentication thereof shall be substantially in the respective forms set forth in Exhibit A or Exhibit I attached hereto, as applicable with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture. Any portion of the text of any Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of such Bond. The Bonds may be typewritten, printed, engraved, lithographed or otherwise produced.

Section 4.3. Execution, Authentication and Delivery. (a) The Bonds shall be executed, either manually or by facsimile, by the Chair of the Board of Commissioners or the Executive Director of the Issuer. Any Bonds bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of the Bonds or shall not have held such offices at the date of the Bonds.

(b) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver the Bonds executed by the Issuer to the Trustee for authentication, and the Trustee shall authenticate and deliver such Bonds as provided in this Indenture.

(c) No Bond shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided for herein, executed by the Trustee by manual signature, and such certificate upon the definitive Bond shall be conclusive evidence, and the only evidence, that such definitive Bond have been duly authenticated and delivered hereunder.

Section 4.4. Registration; Transfer and Exchange. (a) The Issuer shall cause the Trustee to keep at the Office of the Trustee the Bond Register in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of the Bonds and registration of transfers of the Bonds entitled to be registered or transferred as herein provided. The Trustee is hereby appointed Bond Registrar hereunder for the purpose of registering and transferring the Bonds as herein provided.

(b) Subject to subsection (e) of this Section, upon the initial issuance of the Bonds, upon surrender for transfer of Bonds at the Office of the Trustee and upon presentation of Bonds for exchange for Bonds of other Authorized Denominations, the Issuer shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, new Bonds of Authorized Denominations and of like principal amounts.

(c) Any Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly canceled by the Trustee and retained by the Trustee in accordance with its document retention policies.

(d) Any Bonds issued upon any transfer or exchange of Bonds shall be the valid obligation of the Issuer and entitled to the same security and benefits under this Indenture as the Bonds surrendered upon such transfer or exchange.

(e) (i) Unless the Bonds are supported by a Credit Facility and rated "A," without regard to a modifier (or the equivalent) or better by a Rating Agency, the Bonds shall be sold and subsequently transferred only to Qualified Buyers that execute and deliver to the Trustee an Investor Letter in substantially the form attached hereto as Exhibit D. Notwithstanding the preceding sentence, no Investor Letter shall be required for the Bond Purchaser to (a) transfer Bonds to a "qualified institutional buyer" (a "QIB") as defined in Rule 144A promulgated under the Securities Act of 1933 or to any affiliate or other party related to the Bond Purchaser or (b) sell or transfer the Bonds to a Qualified Buyer that is a special purpose entity, a trust or custodial arrangement, with respect to such arrangement the Original Bond Purchaser as transferor represents in writing in an Assignment for Transfer to the Trustee that all of the interests in such trust or arrangement (other than a residual interests retained by a QIB) are rated in the "A" category or higher by a Rating Agency and are credit enhanced; provided, however, that a single QIB shall at all times hold a controlling interest in the residual interests in the trust or custodial arrangement and all interests therein shall be issued in minimum denominations of $100,000. In addition, no transfer of the Bonds shall be permitted without the prior written consent of the Issuer to such transfer; provided, however, that in the case of each transfer, the transferor shall provide to the Issuer written notice of such proposed transfer not less than ten (10) Business Days prior to such proposed transfer, and if the Issuer fails to deliver written notice to the Trustee of its determination with respect to such proposed transfer within ten (10) Business Days of receipt of notice of proposed transfer, the Trustee shall conclude that the Issuer has consented to such transfer. Any institutional accredited investors which are Qualified Buyers shall complete an Investor Letter.

(ii) Notwithstanding anything herein to the contrary, (x) there may be only one arrangement which is described under clause (c) of the definition of "Qualified Buyer" at any time, (y) such arrangement shall be the Holder of a Majority Share and (z) there shall be no more than one Bondholder in addition to such arrangement at any time.

(iii) Every Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer.

(f) No service charge shall be made for any transfer or exchange of any Bonds, but the Issuer or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of any Bonds. Such sums shall be paid in every instance by the transferor or transferee of such Bonds.

(g) The Trustee shall not be required (i) to transfer or exchange any Bonds during any period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of the Bonds and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bonds so selected for redemption or (iii) to transfer any Bonds without receipt of a duly executed Investor Letter and the consent of the Issuer to the extent required by subsection (e) above.

(h) There shall at all times be a Holder of a Majority Share except in the case of an Event of Dissolution, where such Event of Dissolution may result in no Holder of a Majority Share.

Section 4.5. Mutilated Destroyed, Lost and Stolen Bond. (a) If (i) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee or the Issuer to save the Issuer and the Trustee harmless, then, in the absence of notice to the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of like series, tenor and principal amount, bearing numbers not contemporaneously outstanding. In the event any Bond shall have matured, instead of issuing a replacement Bond as provided above, the Trustee may pay the same upon receipt by the Trustee of indemnity satisfactory to it.

(b) Upon the issuance of any new Bond under this Section, the Issuer or Trustee may require the payment by the Registered Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses connected therewith.

(c) Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture.

(d) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed lost or stolen Bond.

Section 4.6. Persons Deemed Owners. The Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the person in whose name the Bonds are registered as the owner of the Bonds for the purpose of receiving payment of the Bond Obligations and for all other purposes whatsoever whether or not the Bonds are overdue, and, to the extent permitted by law, neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

Section 4.7. Cancellation. Any Bond surrendered for payment, redemption, transfer or exchange shall be promptly canceled and retained or destroyed by the Trustee in accordance with its document retention policies. No Bond shall be authenticated in lieu of or in exchange for any Bond canceled as provided in this Section, except as expressly provided by this Indenture.

Section 4.8. Book-Entry System. (a) The Bonds may be issued pursuant to a Book-Entry System administered by the Securities Depository with no physical distribution of Bond certificates to be made except as provided in this Section 4.8 (i) if the Bonds have the benefit of a Credit Facility and are rated "A" without regard to modifier (or the equivalent) or better by a Rating Agency.

(b) So long as a Book-Entry System is in effect for the Bonds, one Bond for each Series in the aggregate principal amount of each maturity of such Bond will be issued and deposited with the Securities Depository to be held in its custody. Such Bond or Bonds shall be registered in the name of the Securities Depository Nominee. The Book-Entry System will be maintained by the Securities Depository and the participants and indirect participants and will evidence beneficial ownership of the Bonds in Authorized Denominations, with transfers of ownership effected on the records of the Securities Depository, the participants and the indirect participants pursuant to rules and procedures established by the Securities Depository, the Participants and the Indirect Participants. The principal or purchase price of and any premium on each Bond shall be payable to the Securities Depository Nominee or any other person appearing on the Bond Register maintained by the Trustee as the registered Bondholder or his registered assigns or legal representative. So long as the Book-Entry System is in effect, the Securities Depository will be recognized as the sole Bondholder for all purposes. Transfers or exchanges, payments of principal, purchase price, interest and any premium and notices to Participants and Indirect Participants will be the responsibility of the Securities Depository, and transfers or exchanges, payments of principal, purchase price, interest and any premium and notices to Beneficial Owners will be the responsibility of the

Participants and the Indirect Participants. No other party (including the Trustee) will be responsible or liable for such transfers or exchanges, payments or notices or for maintaining, supervising or reviewing such records maintained by the Securities Depository, the Participants or the Indirect Participants. While the Book-Entry System is in effect, notwithstanding any other provisions set forth herein, payments of principal or purchase price of, redemption premium, if any, and interest on the Bonds shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire transfer in immediately available funds to the account of such entity. Notwithstanding the provisions of this Section 4.8(b), Subordinate Bonds may not be issued pursuant to a Book-Entry System administered by the Securities Depository.

(c) The Issuer, subject to the applicable rules of the Securities Depository, may at any time, at the written request of the Bondholder Representative or the Borrower, elect (i) to provide for the replacement of any Securities Depository as the depository for the Bonds with another qualified Securities Depository, or (ii) to discontinue the maintenance of the Bonds under a Book-Entry System. Upon written notice of such election from the Issuer, the Trustee shall give 30 days' prior notice of such election to the Securities Depository (or such fewer number of days as shall be acceptable to such Securities Depository and the Trustee). The Bondholder Representative may elect from time to time to discontinue the Book-Entry System solely for purposes of the Bonds it beneficially owns by providing a written notice to the Trustee at least 30 days prior to the effective date of such election.

(d) Upon the discontinuance of the maintenance of the Bonds under a Book-Entry System, the Issuer will cause Bonds to be issued directly to the Beneficial Owners of such Bonds, or their designees, as further described below. In such event, the Trustee shall make provisions to notify Participants and the Beneficial Owners, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate by the Trustee, that Bonds will be directly issued to the Beneficial Owners thereof as of a date set forth in such notice, which shall be a date at least 10 days after the date of mailing of such notice (or such fewer number of days as shall be acceptable to the Securities Depository and the Trustee). Upon such event, the Issuer, at the expense of the Borrower, or, if requested by the Bondholder Representative, at its expense, shall promptly have prepared Bonds in certificated form registered in the names of the Beneficial Owners thereof shown on the records of the Participants provided to the Trustee, as of the date set forth in the notice described above. Any Bonds issued to the Beneficial Owners, or their designees, shall be in fully registered form substantially in the forms set forth in Exhibit A or Exhibit G, as applicable. In such event, this Indenture may be amended as the parties deem necessary pursuant to Section 13.1(f) in order to reflect the use of certificated Bonds.

(e) If any Securities Depository is replaced as the depository for the Bonds with another qualified Securities Depository, the Issuer, at the expense of the Borrower, will issue Bonds to the replacement Securities Depository substantially in the form set forth in Exhibit A or Exhibit G, as applicable, registered in the name of such replacement Securities Depository.

(f) The Issuer, the Borrower and the Trustee shall have no liability for the failure of any Securities Depository to perform its obligation to any Participant, any Indirect Participant or any Beneficial Owner of any Bond, and none of them shall be liable for the failure of any Participant, Indirect Participant or other nominee of any Beneficial Owner of any Bond to perform any obligation that such Participant, Indirect Participant or other nominee may incur to any Beneficial Owner.

(g) The terms and provisions of a letter of representations between the Issuer and the Securities Depository are incorporated herein by reference and, in the event there shall exist any inconsistency between the substantive provisions of the Letter of Representations and any provisions of this Indenture, then, for as long as the initial Securities Depository shall serve with respect to the Bonds, the terms of the Letter of Representations shall govern. The Trustee shall comply with all the rules, regulations, policies and procedures of the Securities Depository in order to effectuate the provisions and intent of this Indenture, the Issuer and the Bondholder Representative, including, without limitation, the obligation to make all required elections to ensure the pro rata partial redemption payments required in Section 6.14.

(h) The Issuer, the Borrower and the Trustee may rely conclusively upon (1) a certificate of the Securities Depository as to the identity of the Participants in the Book-Entry System; (2) a certificate of any Participant as to the identity of any Indirect Participant and (3) a certificate of any Participant or Indirect Participant as to the identity of, and the respective principal amount of the Bonds beneficially owned by, the Beneficial Owners.

Section 4.9. Conversion of Interest Rate Modes. (a) On any Interest Period Reset Date occurring after the Bonds may first be optionally redeemed at a price of not greater than par plus accrued interest to the redemption date pursuant to Section 6.1, Bonds bearing interest at one Interest Rate Mode may be converted to a different Interest Rate Mode upon receipt by the Trustee and the Remarketing Agent of a written Notice of Interest Rate Conversion substantially the form as set forth in Exhibit E hereto from the Authorized Borrower Representative not less than 30 days prior to such Interest Period Reset Date. Such direction to convert the interest rate on the Bonds to a different Interest Rate Mode shall be accompanied by (i) a Bond Counsel No Adverse Effect Opinion delivered to the Issuer, the Trustee, the Bondholder Representative, the Credit Facility Provider and the Remarketing Agent with respect to the conversion; (ii) in the case of a conversion to an Interest Rate Mode of 270 days or longer, either an Opinion of Counsel delivered to the Issuer, the Remarketing Agent and the Trustee stating that Securities and Exchange Commission Rule 15c2-12 provides an exemption with respect to the Bonds or evidence satisfactory to the Issuer delivered to the Issuer that the requirements of such Rule are being complied with; (iii) evidence satisfactory to the Trustee that the interest component of the Credit Facility, if applicable, is equal to the amounts set forth in subsection (b) below; and (iv) written certificates of the Remarketing Agent and the Issuer stating that they have received certifications, opinions or other evidence satisfactory to them that there has been or will be compliance with any applicable state or federal securities law requirements.

(b) If the Bonds bear interest at the Daily Interest Rate or the Weekly Interest Rate, the Borrower shall be required to provide a Credit Facility with an interest coverage period that shall be sufficient to maintain the rating on the Bonds as required and confirmed by the Rating Agency. If the Bonds bear interest at the MMD Index Rate, the SIFMA Index Rate, the Term Rate or the Fixed Interest Rate and are covered by a Credit Facility, the interest coverage period shall be sufficient to maintain the rating on the Bonds as required and confirmed by the Rating Agency. Notwithstanding any provision of this paragraph, no conversion of Interest Rate Modes shall be effective if (A) the Borrower makes an election on or prior to the day immediately succeeding any Interest Rate Determination Date not to proceed with the proposed conversion or (B) the Trustee has not received on the effective date of such conversion each of the items described in clauses (i) – (iv) above, to the extent applicable. In either such event, the Interest Rate Mode for the Bonds will remain as the Interest Rate Mode then in effect for the Bonds without regard to any proposed conversion. The Bonds will continue to be subject to tender for purchase on the scheduled effective date of the proposed conversion without regard to the failure of such proposed conversion. If the Trustee shall have sent any notice to Holders regarding the proposed conversion, in the event of a failure of such conversion as specified above, the Trustee shall promptly notify all Holders of such failure, of the reason for such failure, and of the continuation of the Interest Rate Mode then in effect.

(c) The determination of the interest rate for the Bonds upon a conversion shall be conclusive and binding upon the Borrower, the Trustee, the Credit Facility Provider and the respective Holders of the Bonds.

(d) On the related Interest Rate Determination Date, the Remarketing Agent or the Indexing Agent, as the case may be, shall give the Trustee, the Credit Facility Provider and the Borrower electronic notice of the interest rate to be borne by the Bonds for the following Interest Rate Period; provided that if the interest rate is determined pursuant to clause (b) of the definition of Daily Interest Rate, Weekly Interest Rate or Term Rate on the Interest Rate Determination Date, the Trustee shall give such notice to the Borrower and the Credit Facility Provider.

(e) If the interest rate on the Bonds is converted to a different Interest Rate Mode, at least 25 days prior to the Interest Period Reset Date the Trustee shall notify the Holders of all outstanding Bonds by first class mail that, upon such Interest Period Reset Date, the Bonds shall be converted to a different Interest Rate Mode, and that the Bonds shall be subject to a mandatory tender pursuant to Section 5.2.

Section 4.10. Provision of Credit Facility. The Borrower may, on any Bond Payment Date or Interest Period Reset Date following the Conversion Date occurring after the Bonds may be optionally redeemed at a price of not greater than par plus accrued interest to the redemption date pursuant to Section 6.1. The Bondholder Representative, on any date selected by such Bondholder Representative, may arrange for the delivery to the Trustee of a Credit Facility. Any Credit Facility shall satisfy the following conditions, as applicable:

(a) The Credit Facility shall (i) be in an amount equal to the aggregate principal amount of the Bond Outstanding from time to time plus the interest component necessary to provide coverage either satisfactory to the Rating Agency or in amounts, when combined with balances in the funds and accounts of this Indenture will, in the opinion of a certified public accountant or firm of accountants, will be sufficient to pay the principal of and interest on the Bonds when due; (ii) as may be required by any Rating Agency then rating the Bonds, provide for payment in immediately available funds to the Trustee upon receipt of the Trustee's request for such payment with respect to any Bond Payment Date and Bond Purchase Date; (iii) if the Credit Facility is provided to secure Bonds during a Term Rate Mode, provide an expiration date no earlier than the earliest of (A) the day following the last day of such Interest Rate Period; (B) ten (10) days after the Trustee receives notice from the Credit Facility Provider of an Event of Default hereunder or a default under and as defined in the Reimbursement Agreement and a direction to redeem all Outstanding Bond; (C) the date on which all Bond are paid in full and this Indenture is discharged in accordance with its terms; and (D) the date on which the Bonds becomes secured by an alternate Credit Facility in accordance with the terms of the Reimbursement Agreement; (iv) result in the Bonds receiving a long-term rating or short-term rating, or both, as applicable for the Interest Rate Mode then in effect, as follows (A) for the long term rating in one of the three highest rating categories of the Rating Agency without regard to pluses or minuses, and (B) for the short term rating in one of the two highest rating categories of the Rating Agency without regard to pluses or minuses; and (v) have a stated expiration or termination date not sooner than one year following its effective date.

(b) In connection with the delivery of a Credit Facility, the Issuer and the Trustee must receive (i) an opinion of counsel to the Credit Facility Provider issuing the Credit Facility, or other counsel acceptable to the Issuer and the Trustee, in form and substance satisfactory to the Issuer and the Trustee, relating to the due authorization and issuance of the Credit Facility, its enforceability, that the statements made relating to the Credit Facility and any Reimbursement Agreement contained in any disclosure document or supplement to the existing disclosure document related to the Bonds are true and correct, that the Credit Facility and the Bonds enhanced by the Credit Facility are not required to be registered under the Securities Act of 1933, and, if required by the Rating Agency, that payments made by the Credit Facility Provider pursuant to the Credit Facility will not be voidable under Section 547 of the Bankruptcy Code and would not be prevented by the automatic stay provisions of Section 362(a) of the Bankruptcy Code, in the context of a case or proceeding by or against the Borrower, a Borrower Controlling Entity or by the Issuer under the Bankruptcy Code; (ii) a Bond Counsel No Adverse Effect Opinion with respect to the delivery of such Credit Facility; and (iii) such other opinions, certificates and agreements as the Bondholder Representative or its counsel and counsel to the Borrower, Issuer and Trustee reasonably require.

(c) In the event the holder of 100% of the Bonds Outstanding (the "Sole Bondholder") exercises its option to deliver to the Trustee a Credit Facility and such Credit Facility satisfies the requirements of Section 4.10(a) hereof, any restrictions on transfer of the Bonds set forth in Section 4.4(e) hereof shall cease to apply subsequent to the delivery of the Credit Facility so long as the Credit Facility in is effect. The Issuer and the Borrower each agrees to cooperate with the Sole Bondholder in taking steps, including the filing of a Form 8038 with the Internal Revenue Serve, execution and delivery of a supplement to the Tax Certificate and such other tax certificates and documentation necessary to permit delivery of the opinions described in Section 4.10(b) above; provided, however, that all costs and out-of-pocket expenses incurred in connection with the foregoing matters shall be borne by the Sole Bondholder.

ARTICLE V

OPTIONAL AND MANDATORY TENDERS

Section 5.1. Optional Tenders. (a) While the Bonds bear interest at the Daily Interest Rate or Weekly Interest Rate, on each Interest Rate Adjustment Date, each Holder of the Bonds shall have the option to tender for purchase at 100% of the principal amount thereof plus accrued interest, if any, all of the Bonds owned by such Holder, or such lesser principal amount thereof (in denominations of $100,000 or integral multiples of $5,000 in excess thereof, provided that the untendered portion of any Bond shall be $100,000 or more in principal amount) as such Holder may specify in accordance with the terms, conditions and limitations set forth below. The purchase price for each such Bond, or portion thereof, shall be payable in lawful money of the United States of America by check or draft, shall equal the principal amount, or such portion thereof, to be purchased and accrued interest, if any, and shall be paid in full on the applicable Bond Purchase Date by check or wire transfer at the direction of the Holder but only upon delivery and surrender of such Bond to the Trustee.

(b) To exercise the option granted in Section 5.1(a), the Holder shall (i) no later than seven (7) calendar days (or the next preceding Business Day if such seventh day is not a Business Day) prior to the Bond Purchase Date in the case of Bonds in the Weekly Interest Rate Mode and no later than 8:00 a.m., New York, New York time, on the Bond Purchase Date in the case of Bonds in the Daily Interest Rate Mode, give notice to the Trustee by telecopy or in writing, with a copy to the Remarketing Agent, which states (A) the name and address of the Holder, (B) the principal amount, CUSIP number and Bond numbers of the Bonds to be purchased, (C) that such Bonds are to be purchased on the related Bond Purchase Date pursuant to the terms hereof, and (D) that such notice is irrevocable; and (ii) deliver to the Office of the Trustee the Bonds to be purchased in proper form, or in the case of a Beneficial Owner, no later than 10:00 a.m. New York, New York time on the Bond Purchase Date, cause the transfer of the Beneficial Owner's interest on the records of the Depository, in accordance with the instructions of the Trustee. Upon receipt, the Trustee shall immediately forward such notice to the Remarketing Agent.

(c) Any Bonds for which a notice of tender has been given by the Holder shall be deemed to be tendered for remarketing notwithstanding any failure of delivery of such Bonds to the Trustee. Subject to the right of such non-delivering Holders to receive the Purchase Price of such Bonds and interest accrued thereon to the day preceding the applicable Bond Purchase Date, such Bonds shall be null and void and the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Bonds or the pledge of such Bonds to the Credit Facility Provider in lieu of remarketing such Bonds as described in Section 5.5. Any Beneficial Owners who have elected to tender their Beneficial Ownership interests pursuant to Section 5.1(b) shall be obligated to transfer such Beneficial Ownership interests on the record of the Securities Depository.

(d) Upon the giving of the notice pursuant to Section 5.1(a) with respect to the Bonds or portions of the Bonds the Holder's tender of such Bonds or portions thereof shall be irrevocable. If less than all of the Bonds so delivered or deemed tendered are to be purchased, the Trustee shall, pursuant to this Indenture, authenticate one or more Bonds in exchange therefor, registered in the name of such Holder, having the aggregate principal amount being retained by such Holder, and shall deliver such authenticated Bond or Bonds to such Holder.

(e) While tendered Bonds are in the custody of the Trustee pending purchase pursuant hereto, the tendering Holder thereof shall be deemed the Owners thereof for all purposes, and interest accruing on the tendered Bonds through the day preceding the applicable Bond Purchase Date is to be paid from the Bond Fund as if such Bonds had not been tendered for purchase.

(f) Notwithstanding anything herein to the contrary, any Bonds or portion thereof tendered under this Section 5.1 will not be purchased if such Bonds or portion thereof matures or is redeemed on or prior to the applicable Bond Purchase Date.

Section 5.2. Mandatory Tenders. (a) A Holder of any Bonds shall be required to tender their Bonds to the Trustee on any Mandatory Tender Date. Any Bonds required to be tendered on a Mandatory Tender Date that is not tendered as of such date shall be deemed to have been tendered to the Trustee on such date and shall thereafter cease to bear interest and no longer be considered to be Outstanding hereunder subject to the right of the Holders of such Bonds to receive the Purchase Price of such Bonds and interest accrued thereon to the Bond Purchase Date.

(b) At least 25 days prior to any Mandatory Tender Date, the Trustee shall notify the Remarketing Agent and the Holders of all Outstanding Bonds by first-class mail of the Mandatory Tender Date and advise the Holders that all Bonds shall be subject to mandatory tender on such Mandatory Tender Date from the sources available pursuant to Section 5.3, at a Purchase Price equal to the principal amount thereof plus accrued interest, if any.

Section 5.3. Remarketing of Bonds. (a) Upon the receipt by the Remarketing Agent of any notice from the Trustee that any Bondholder (or Participant or Indirect Participant or any Beneficial Owner making an election pursuant to Section 5.1(b) with respect to any Bond in "book entry only" form) has delivered a notice pursuant to Section 5.1(b), or upon receipt of any notice from the Trustee of Bonds deemed to have been tendered in accordance with the provisions of Section 5.2, the Remarketing Agent shall offer for sale and use its best efforts to market the Bonds referred to in such notice from a Bondholder or such notice from the Trustee at a price of par plus accrued interest to the Bond Purchase Date, in accordance with the Remarketing Agreement; provided, however, that the Remarketing Agent shall not knowingly offer for sale or sell such Bonds to the Issuer, the Borrower or any Borrower Controlling Entity, member or any guarantor of the Borrower. The Remarketing Agent has no obligation to remarket any Bonds registered in the name of the Borrower, the Credit Facility Provider or any Borrower Controlling Entity, member or guarantor of the Borrower unless the Credit Facility shall be in full force and effect after such remarketing.

(b) No Bonds or portion thereof tendered pursuant to Section 5.1 or Section 5.2 shall be remarketed at a price less than 100% of the principal amount thereof plus accrued interest, if any. The Remarketing Agent shall have the right to purchase any Bonds tendered or deemed tendered pursuant to Section 5.1 or Section 5.2 at 100% of the principal amount thereof, and to thereafter sell such Bonds. Any such purchase shall constitute a remarketing hereunder.

(c) By 4:00 p.m., New York, New York time on the Business Day immediately prior to each Bond Purchase Date (other than in the case of the exercise of an optional tender right when the Bonds are in Daily Interest Rate Mode) or by 10:00 a.m., New York, New York time on the Bond Purchase Date (in the case of the exercise of an optional tender right when the Bonds are in Daily Interest Rate Mode), the Remarketing Agent shall give telephonic notice, promptly confirmed in writing and transmitted by facsimile, to the Trustee, the Borrower and the Credit Facility Provider stating the principal amount of Bonds that have been remarketed successfully, specifying the names, addresses, and taxpayer identification numbers of the purchasers of, and the principal amount and denominations of, such Bonds, if any, for which it has found purchasers as of such date, and the Purchase Price at which the Bonds are to be sold (which shall be par plus accrued interest to the Bond Purchase Date).

(d) The Remarketing Agent shall deliver to the Trustee, no later than 10:30 a.m., New York, New York time, on the Bond Purchase Date, in immediately available funds, the remarketing proceeds to the extent the Bonds have been successfully remarketed. Upon receipt by the Trustee of such amount from the Remarketing Agent, the Trustee, shall transfer the registered ownership of the Bonds to the respective new purchasers and deliver such Bonds to such purchasers upon deposit of the Purchase Price with the Trustee. The Trustee shall hold Bonds delivered to it in trust for the benefit of the respective Bondholders which shall have so delivered such Bonds until money representing the Purchase Price of such Bond shall have been delivered to or for the account of or to the order of such Bondholders. The Trustee shall remit the Purchase Price of such Bonds to the tendering Bondholder or Bondholders entitled to the same as provided in Sections 5.1 or 5.2. In the event that the Remarketing Agent or any purchaser that shall have been identified by the Remarketing Agent to the Trustee shall fail to pay the Purchase Price for any Bonds prior to 10:30 a.m., New York, New York time, on the Bond Purchase Date, the Trustee shall not be obligated to accept such amount after such time. The Trustee will immediately notify by telephone, the Credit Facility Provider, the Borrower and the Remarketing Agent of any such failure to receive the Purchase Price for such Bonds. On the Bond Purchase Date, the Trustee shall notify by telephone, the Credit Facility Provider, the Borrower and the Remarketing Agent of the amount of funds held by the Trustee as of 10:30 a.m., New York, New York time, on such date constituting the Purchase Price of the Bonds remarketed by the Remarketing Agent, promptly confirmed in writing and transmitted by facsimile. The Trustee shall hold all money delivered to it for the purchase of Bonds (including any remarketing proceeds, proceeds from the Borrower pursuant to Section 5.4(b)(ii) hereof or proceeds of draws on the Credit Facility) in trust in a non-commingled account to be known as the “Bond Purchase Fund” for the benefit of the person or entity which shall have so delivered such money until the Bonds purchased with such money shall have been delivered to or for the account of such person. Such money shall be held uninvested except as directed in writing by the Credit Facility Provider and then only in Permitted Investments of the type described in clauses (a) and (b) of the definition thereof. The Issuer and the Borrower shall not have any right, title or interest in such money.

(e) If all of the Bonds shall have been called for redemption during any period when the Bonds bear interest at the Daily Interest Rate or Weekly Interest Rate, the Bonds may continue to be remarketed until the redemption date, provided the purchaser of such Bonds is given notice of the call for redemption prior to purchase of any Bonds.

(f) Anything herein to the contrary notwithstanding, no Bonds shall be purchased or remarketed pursuant to this Section if an Event of Default hereunder shall have occurred and be continuing and would not be cured as a result of such tender and remarketing of the Bonds or following a declaration of acceleration of the Bonds; nor shall any Bond be purchased pursuant to this Section if such Bond is registered in the name of the Issuer, the Borrower or the Credit Facility Provider, or known by the Trustee (the Trustee shall have no duty to inquire as to any such nominees) to be registered in the name of any Borrower Controlling Entity, member or guarantor of the Borrower or any nominee of the Issuer, the Borrower, the Credit Facility Provider, or any such Borrower Controlling Entity, member or guarantor of the Borrower unless the Credit Facility will be in full force and effect after such purchase with respect to such Bond after such purchase, nor shall any Bond be purchased if, following a failed remarketing pursuant to the provisions of this Section, the Trustee does not have sufficient proceeds to pay the Purchase Price to tendering Holder of the Bond, taking into account draws from any incoming or outgoing Credit Facility and Eligible Funds received from the Borrower pursuant to Section 5.4(b). In the event of such failed remarketing, the Bonds shall remain Outstanding in the Interest Rate Mode in effect immediately preceding the related Mandatory Tender Date.

Section 5.4. Trustee to Pay Purchase Price. (a) In the event that either the Trustee shall not have received notice of successful remarketing of tendered Bonds by the day that is one (1) Business Day prior to the Bond Purchase Date (other than in the case of the exercise of an optional tender when the Bonds are in the Daily Interest Rate Mode) or by 10:00 a.m. New York, New York time on the Bond Purchase Date (in the case of the exercise of an optional tender when the Bonds are in the Daily Interest Rate Mode), or the proceeds of remarketing of any tendered Bond have not been received by the Trustee on or prior to 10:30 a.m., New York, New York time on the Bond Purchase Date, the Trustee shall, within the time required by the terms of the Credit Facility, draw on the then existing Credit Facility in an amount sufficient to enable the Trustee to pay the Purchase Price of each such Bond when due.

(b) On each Bond Purchase Date, the Borrower shall pay or cause to be paid to the Trustee the Purchase Price of any Bond tendered pursuant to, and in accordance with, Section 5.1 or Section 5.2 and which have not been remarketed pursuant to this Section 5.4, but only from (i) money obtained by the Trustee pursuant to the Credit Facility then in effect to enable the Trustee to pay the Purchase Price of such tendered Bond, which amounts shall be received by the Trustee at or before 12:00 p.m., New York, New York time, on the Bond Purchase Date; and (ii) Eligible Funds from the Borrower to the extent that money obtained pursuant to (i) above are insufficient on any date to pay the Purchase Price of tendered Bond.

(c) Upon receipt of such Purchase Price and upon receipt of the Bonds tendered for purchase pursuant to Section 5.1 or Section 5.2, the Trustee shall pay such Purchase Price to the Registered Holders thereof; provided, that if the Purchase Price was theretofore paid from the proceeds of a draw on the Credit Facility, the Trustee shall pay such amount to the Credit Facility Provider. Any amounts drawn under the Credit Facility to purchase Bonds shall be used solely for such purpose. Any Bonds so purchased with amounts drawn under the Credit Facility by the Trustee shall be purchased for the account of the Borrower and registered as provided in the Reimbursement Agreement. Amounts drawn under the Credit Facility that are not used to purchase Bonds pursuant to this Section 5.4 shall be remitted by the Tender Agent or the Trustee to the Credit Facility Provider promptly upon payment of the Purchase Price of the Bonds.

(d) Except with respect to any Bond purchased in lieu of redemption or acceleration pursuant to the provisions hereof, the Issuer, the Borrower or any Borrower Controlling Entity, member or any guarantor of the Borrower may not purchase any Bond, from the Remarketing Agent or otherwise.

Section 5.5. Delivery of Purchased Bonds and Remarketing of Pledged Bonds. Any Bonds purchased by the Trustee on a Bond Purchase Date shall be delivered as follows:

(a) Any Bonds sold by the Remarketing Agent pursuant to Section 5.3 shall be delivered to the purchasers thereof. The Remarketing Agent and the Trustee shall take such actions as may be necessary to reflect the transfer of any beneficial ownership interests to the purchasers thereof in the Book-Entry System maintained by the Securities Depository.

(b) Any Bonds not sold by the Remarketing Agent pursuant to Section 5.3 shall be held as Pledged Bonds by the Trustee, as agent for the Credit Facility Provider or the Borrower, as the case may be, subject to any instructions from the Credit Facility Provider or the Borrower to deliver the Pledged Bonds to the Credit Facility Provider or the Borrower and to the pledge in favor of the Credit Facility Provider or the Borrower created pursuant to the provisions of the Reimbursement Agreement. Any Pledged Bonds held by the Trustee shall not be released or transferred except to the Credit Facility Provider, the Borrower or to the Remarketing Agent at the written direction of the Credit Facility Provider or the Borrower as provided in the last paragraph of this Section. Any Bonds not sold by the Remarketing Agent shall be deemed purchased by the Credit Facility Provider upon application of the proceeds of a draw on the Credit Facility to pay the Purchase Price thereof or by the Borrower upon receipt and application of Eligible Funds from the Borrower pursuant to Section 5.4(b)(ii) to pay the Purchase Price thereof.

(c) The Remarketing Agent shall use its best efforts to remarket Pledged Bonds. Upon the remarketing of the Pledged Bonds, the Remarketing Agent shall notify the Credit Facility Provider, the Trustee and the Borrower of such remarketing, the name, address and social security or other tax identification number of the purchaser, and the date (the "Pledged Bonds Remarketing Date") that the purchaser shall deliver the Purchase Price to the Trustee by 11:00 a.m., New York, New York time. The Pledged Bonds Remarketing Date shall be at least two Business Days after the date the notice of the purchase is given by the Remarketing Agent.

(d) No later than 11:00 a.m., New York, New York time, on each Pledged Bonds Remarketing Date, the Remarketing Agent shall pay to the Trustee, in immediately available funds, the proceeds theretofore received by the Remarketing Agent from the remarketing of Pledged Bonds on such Pledged Bonds Remarketing Date; provided, that the Remarketing Agent may use its best efforts to cause the purchasers of the remarketed Pledged Bonds to pay the Purchase Price plus accrued interest, if any, to the Trustee in immediately available funds. The proceeds from the remarketing of the Pledged Bonds shall be segregated from any funds of the Borrower or the Issuer and shall in no case be considered to be or be assets of the Borrower or the Issuer. The Trustee shall deposit such funds in the Bond Purchase Fund and shall pay the Credit Facility Provider such funds by wire transfer on the Pledged Bonds Remarketing Date. The Credit Facility Provider shall deliver any Pledged Bonds held by the Credit Facility Provider (or evidence of book entry interests in such Pledged Bonds) which have been so remarketed to the Trustee against payment on the Pledged Bonds Remarketing Date. With respect to any Pledged Bonds not so held by the Credit Facility Provider, the Credit Facility Provider shall direct the Trustee to release such Pledged Bonds which have been so remarketed to the Remarketing Agent against payment therefor on the Pledged Bonds Remarketing Date. Notwithstanding the foregoing, no Pledged Bonds shall be released until the Trustee shall have received evidence that the Credit Facility Provider has reinstated amounts available to be drawn on the Credit Facility to an amount not less than 100% of the outstanding principal of, plus 35 days' interest (or such larger days' interest if the Rating Agency of the Bonds so requires) on the Bonds computed at the Maximum Rate. On the Pledged Bonds Remarketing Date, the Trustee shall authenticate and deliver, if applicable, new Bonds in replacement of the remarketed Pledged Bonds to the purchasers thereof.

(e) The Pledged Bonds are pledged to the Credit Facility Provider or the Borrower, as applicable, and are secured by the Trust Estate.

ARTICLE VI

REDEMPTION OF BONDS

Section 6.1. Optional Redemption. The Bonds may be redeemed in whole, or in part, on any Bond Payment Date (and during any Fixed Interest Rate Mode or Term Rate Mode during which a Credit Facility enhances the Bonds, on the first Business Day of each month) or, upon satisfaction of the conditions set forth in Section 14.3, on any Business Day, in each case, upon prepayment of the Note by the Borrower pursuant to Section 2.10 of the Loan Agreement at a Redemption Price equal to the principal amount to be prepaid, plus interest thereon through the date fixed for redemption thereof, plus any Prepayment Premium applicable upon the prepayment of the Note. The Bonds may be redeemed pursuant to this Section 6.1 at the Redemption Price and upon notice to the Bondholders, given by the Trustee in accordance with Section 6.12. Except as otherwise provided under Section 14.3, no such optional redemption of Bonds shall be permitted unless the Trustee shall have received Eligible Funds in an amount that will be sufficient to pay the Redemption Price of the Bonds by 12:00 a.m. New York City time on the date that the Bonds are to be redeemed.

In connection with a prepayment pursuant to Section 14.3, the Borrower may exercise such option by giving Written Notice to the Trustee, Bondholder Representative and Servicer of its election to prepay the Note, not fewer than thirty (30) Business Days prior to the proposed redemption date; provided, however, if, at the time of such exercise, the Bonds are held in a Book-Entry System, the Borrower shall give any such greater notice as is required by the depository system then holding the Bonds. Any such notice shall specify the date fixed for optional redemption and contain a certification of the Borrower to the effect that all conditions precedent to such optional redemption have been (or will be, as of the optional redemption date) satisfied. The Trustee shall, not fewer than eight (8) Business Days prior to the date set for such optional redemption, deliver a Written Certificate to the Borrower setting forth the amount of accrued interest and Prepayment Premium, if any, that will be due and payable as of the date fixed for optional redemption.

Section 6.2. Mandatory Redemption From Amounts Transferred From Project Fund. The Bonds shall be redeemed in whole or in part, at the Redemption Price, in the event and to the extent amounts remaining in the Project Fund are transferred to the Bond Fund pursuant to Section 8.7(f) hereof, on the first Bond Payment Date for which notice of redemption can be given in accordance with Section 6.12 hereof.

Section 6.3. Mandatory Redemption From Mandatory Prepayment of Note. The Bonds shall be redeemed in whole or in part, at the Redemption Price, upon mandatory prepayment of the Note by the Borrower as required by Section 2.11 of the Loan Agreement on the earliest Business Day for which notice can be given in accordance with Section 6.12.

Section 6.4. Mandatory Redemption For Loan Agreement Default. The Bonds shall be redeemed in whole or in part, at the Redemption Price, upon the acceleration of the Note pursuant to Section 7.2 of the Loan Agreement and upon written direction of the Bondholder Representative to the Trustee, in the event of the occurrence of a Loan Agreement Default and the expiration of the applicable grace period or notice and cure period, if any, specified therein, on the earliest Business Day for which notice can be given as required by Section 6.12.

Section 6.5. Mandatory Redemption From Amounts Transferred From Principal Reserve Fund. On each Bond Payment Date, Bonds shall be redeemed, in part, at the Redemption Price, in an amount equal to the amount which has been transferred from the Principal Reserve Fund to the Bonds Fund pursuant to Section 8.14. If no Principal Reserve Fund Deposit Schedule is attached to the Note, no such redemption shall occur.

In the event of a conversion to semi-annual Bond Payment Dates pursuant to Article IV, in lieu of the mandatory redemption of Bonds as set forth in the preceding paragraph of this Section 6.5, the Bondholder Representative shall provide the Trustee with a Mandatory Redemption Schedule to be attached hereto at such time as the Bonds shall be subject to mandatory sinking fund redemption, in part, at the Redemption Price pursuant to such schedule.

Section 6.6. Mandatory Redemption From Pre-Conversion Loan Equalization Payment. The Bonds shall be redeemed, in whole or in part, at the Redemption Price on the earliest Business Day for which notice can be given as required by Section 6.12 in the event that the Borrower makes a Pre-Conversion Loan Equalization Payment and the Trustee has received a written direction from the Bondholder Representative to redeem the Bonds, in a principal amount equal to the amount of the Note prepaid by the Borrower.

Section 6.7. Mandatory Sinking Fund Redemption. The Bonds shall be subject to redemption in part on each Bond Payment Date in the amounts and on the dates set forth in the Mandatory Sinking Fund Redemption Schedule attached to the Note, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued but unpaid interest to the date of redemption, from amounts paid by the Borrower as principal under the Note without regard to Authorized Denomination. A revised Mandatory Sinking Fund Redemption Schedule, calculated so as to maintain level payments of debt service on the Bonds, may be delivered to the Trustee at any time by agreement of the Borrower and the Bondholder Representative, accompanied by a Bond Counsel No Adverse Effect Opinion.

If less than all of the Bonds have been redeemed other than from sinking fund installments applicable to such Bonds, the principal amount of the Bonds to be redeemed in each month from sinking fund installments shall be decreased pro rata among all sinking fund installments applicable to such Bonds. Any such proportional redemption shall be confirmed in writing by the Trustee to the Bondholder Representative and a new Mandatory Sinking Fund Redemption Schedule shall be provided by the Bondholder Representative to the Trustee.

In the event of (i) a conversion to semi-annual Bond Payment Dates pursuant to Article IV hereof or (ii) a partial prepayment of the Note after the occurrence of such conversion, the Bondholder Representative will provide the Trustee with a revised Mandatory Sinking Fund Schedule to be attached to the Note and the Bonds shall be subject to redemption pursuant to such revised schedule.

Section 6.8. Mandatory Redemption Upon Sale of Project. The Bonds shall be redeemed in whole but not in part at the Redemption Price upon the Written Direction of the Bondholder Representative no later than the day before (a) any sale of the Project, restructuring of the Borrower or any other event that would cause or be deemed to cause an assumption of obligations of an unrelated party for purposes of Treasury Regulation §1.150-1(d)(2) (any such event referred to herein as a "Transfer") which Transfer would occur within six months of a "refinancing" (as contemplated by such Treasury Regulation), or (b) any "refinancing" that would occur within six months of a Transfer. Any mandatory redemption pursuant to the foregoing sentence would occur following a mandatory prepayment of the Note pursuant to Section 2.11(d) of the Loan Agreement.

Section 6.9. Mandatory Redemption Upon Determination of Taxability. The Bonds shall be redeemed in whole but not in part at the Redemption Price upon the Written Direction of the Issuer as soon as possible under this Indenture following the Trustee's receipt of such Written Direction following a Determination of Taxability.

Section 6.10. Purchase in Lieu of Redemption. The Borrower shall have the option to cause the Bonds to be purchased by the Borrower or its designee in lieu of redemption pursuant to Section 6.1 and the Bondholder Representative or the Borrower shall have the option to cause the Bonds to be purchased in lieu of redemption pursuant to Sections 6.3 and 6.4. Such option may be exercised by delivery to the Trustee on or prior to the Business Day preceding the Redemption Date of a written notice of the Borrower or Bondholder Representative, as applicable, specifying that the Bonds shall not be redeemed, but instead shall be subject to purchase pursuant to this Section. Upon delivery of such notice, the Bonds shall not be redeemed but shall instead be subject to mandatory tender at the Purchase Price on the date that would have been the Redemption Date; provided that payment of such Purchase Price shall be made only in Eligible Funds.

Section 6.11. Purchase of Bonds in Lieu of Redemption. The Borrower shall have the option to cause the Bonds to be purchased by the Borrower or its designee in lieu of redemption pursuant to Section 6.6. Such option may be exercised by delivery to the Trustee on or prior to the Business Day preceding the Redemption Date of a written notice of the Borrower specifying that the Bonds shall not be redeemed, but instead shall be subject to purchase pursuant to this Section. Upon delivery of such notice, the Bonds shall not be redeemed but shall instead be subject to mandatory tender at the Purchase Price on the date that would have been the Redemption Date and such Bonds so purchased shall become Subordinate Bonds upon compliance with the provisions of Article XVI.

Section 6.12. Notice of Redemption. Not fewer than fifteen (15) days, nor more than thirty (30) days before the Redemption Date of any Bonds to be redeemed, or in the case of an optional redemption pursuant to Section 6.1 or a mandatory redemption pursuant to Section 6.8 or 6.9, not fewer than five (5) Business Days nor more than seven (7) Business Days before the Redemption Date, the Trustee shall cause a notice of any such redemption to be mailed by first class mail (but by certified mail to the Bondholder Representative), postage prepaid, to the Registered Owners of the Bonds (with a copy to the Borrower and the Issuer), provided that no prior notice of redemption shall be required in the case of a redemption pursuant to Section 6.7. Such notice shall also be given by registered, certified or overnight mail, or by facsimile transmission promptly confirmed in writing, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds. The redemption notice shall identify the Bonds or portions thereof to be redeemed and shall state:

(a) the date of such notice and the redemption date;

(b) the Redemption Price;

(c) the original date of execution and delivery of the Bonds to be redeemed;

(d) the interest borne by the Bonds to be redeemed;

(e) the date of maturity of the Bonds;

(f) the numbers and CUSIP numbers of the Bonds to be redeemed;

(g) that the Redemption Price of any Bonds is payable only upon the surrender of the Bonds to the Trustee at the Office of Trustee;

(h) the address at which the Bonds must be surrendered; and

(i) that interest on the Bonds called for redemption ceases to accrue on the redemption date, provided that, subject to the last paragraph of this Section 6.12, on such redemption date Eligible Funds are on deposit in the Bond Fund sufficient to pay the Redemption Price of the Bonds in full.

Any notice mailed pursuant to this Section except in connection with a defeasance under Section 14.2 or 14.3, may state that the scheduled redemption is conditional to the extent that Eligible Funds are not held by the Trustee on the redemption date; in which case, the Bonds shall be returned to the holders thereof and remain outstanding under the terms and conditions of this Indenture.

Section 6.13. Deposit of Redemption Price or Purchase Price. On (except as provided in Section 6.1) or prior to any Redemption Date or date of purchase in lieu of redemption, and as a condition to such redemption or purchase, the Borrower shall, only to the extent of amounts due under the Note and the Loan Agreement, deposit or cause there to be deposited with the Trustee or applied in accordance with this Indenture, Eligible Funds in an amount sufficient to pay the Redemption Price or Purchase Price, as the case may be, of all of the Bonds to be redeemed or purchased on that date. Such money shall be held in trust for the benefit of the persons entitled to such Redemption Price or Purchase Price and shall not be deemed to be part of the Trust Estate.

Section 6.14. Bonds Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Bonds or portions thereof designated for redemption shall become due and payable on the Redemption Date at the Redemption Price and, from and after such date (unless the Borrower shall fail to make a payment of the Redemption Price with Eligible Funds), such Bonds or portions thereof shall cease to bear interest from and after the Redemption Date whether or not such Bonds are presented and surrendered for payment on such date. If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof on the Redemption Date, such Bond or portion thereof shall continue to bear interest at the rate or rates provided for thereon until paid and the Registered Owners thereof shall have all of the rights and be subject to the limitations set forth in Article XI hereof. Upon surrender of the Bonds for redemption in accordance with said notice, the Bonds shall be paid by the Trustee on behalf of the Issuer at the Redemption Price to the extent of Eligible Funds held by the Trustee on such Redemption Date. Installments of interest due on or prior to the Redemption Date shall be payable to the Registered Owners as of the relevant Record Dates, without surrender thereof, according to the terms of the Bonds and the provisions of this Indenture.

Section 6.15. Partial Redemption; Selection of Bonds. Redemption of Bonds, in part, shall be made on a Proportionate Basis from all maturities of Senior Bonds then Outstanding, and once no Senior Bond remains Outstanding, from all maturities of Subordinate Bonds. All partial redemptions of the Bonds shall be made pro rata (or as nearly as practicable thereto, but in no event, in amounts less than $5,000 except as provided in Section 6.7 hereof) within a maturity based on the principal amount of the Outstanding Bonds held by such Holder and the aggregate principal amount of Outstanding Bonds within such maturity; provided that no Bond shall be in an amount less than an Authorized Denomination following such partial redemption unless a pro rata redemption would require all Outstanding Bonds to be in an amount less than an Authorized Denomination; provided further that at no time shall a single entity owning a majority of the Bonds prior to such partial redemption lose its status as the Holder of a Majority Share solely because of such partial redemption. In the event such partial redemption inadvertently leads to the entity owning a majority of the Bonds prior to such partial redemption owning less than a majority solely as a result of such partial redemption, such entity shall continue to exercise the rights provided hereunder for a beneficial owner of a majority of the Bonds, and the Trustee shall endeavor to remedy the relative proportions of ownership of the Bonds as soon as possible but no later than the next date on which the Bonds will be redeemed.

Upon surrender of any Bond for redemption in part, the Issuer shall execute and the Trustee shall authenticate and deliver to the Registered Owner, at the expense of the Borrower, a new Bond or Bonds, in Authorized Denominations equal to the unredeemed portion of the Bonds so surrendered.

ARTICLE VII

DELIVERY OF BONDS; APPLICATION OF BOND PROCEEDS AND OTHER FUNDS

Section 7.1. Conditions Precedent to the Initial Delivery of Bonds. Upon payment for the Bonds, the Trustee shall authenticate the Bonds and deliver it to or on the order of the purchaser or purchasers as shall be directed by the Issuer as hereinafter in this Section provided. Prior to the delivery by the Trustee of any of the definitive Bonds there shall be filed with or received by the Trustee:

(a) Executed counterparts of this Indenture, the Loan Agreement, the Regulatory Agreement, the Bond Purchase Agreement, the Tax Certificate, the Continuing Disclosure Agreement, the Note, the Mortgage, any UCC financing statement required by the Mortgage and the Loan Application;

(b) A certified copy of the Resolution;

(c) The purchase price of the initial installment of the Bonds received from the Bond Purchaser in the amount set forth in the Bond Purchase Agreement;

(d) An executed Investor Letter from the Bond Purchaser;

(e) The Initial Bond Fund Deposit;

(f) A Bond Counsel Approving Opinion;

(g) A written request and authorization by the Issuer to the Trustee to (i) authenticate and deliver the Bonds to or for the account of the Bond Purchaser upon receipt of the purchase price thereof and (ii) to pay the Costs of Issuance;

(h) An Opinion of Counsel from Bond Counsel to the effect that the Bonds are exempt from registration under the Securities Act of 1933, as amended, and this Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(i) A request and authorization to the Trustee on behalf of the Issuer, executed by the Authorized Representative of the Issuer, to authenticate the Bonds and deliver said Bonds to or on the order of the purchasers therein identified upon payment to the Trustee for the account of the Issuer of the purchase price thereof, upon which the Trustee shall be entitled to rely conclusively as to the names of the purchasers and the amounts of such purchase;

(j) Certificates evidencing insurance required to be maintained as provided for in the Agreement as approved by the Bond Purchaser;

(k) The original Payment and Performance Letter of Credit; and

(l) Any other documents or opinions that the Issuer, the Bond Purchaser or Bond Counsel may require.

Section 7.2. Proceeds From Sale of Bonds and Other Closing Funds. The Trustee shall deposit the proceeds derived from sale of the Bonds and amounts received from or on behalf of the Borrower, as follows:

(a) The Trustee shall deposit the proceeds from the sale of the Bonds ($[_______]) as follows: $[__________] into the Tax-Exempt Bond Account and $[_____] into the Capitalized Interest Account, of the Project Fund.

(b) From the amounts received from the Borrower, the Trustee shall deposit the following amounts in the following funds:

(i) On the Closing Date, an amount equal to the Initial Bond Fund Deposit to the Bond Fund;

(ii) On the Closing Date, the Cost of Issuance Deposit shall be deposited into the Costs of Issuance Fund; and

(iii) On the Closing Date, $[_____] shall be deposited to the Expense Fund.

(c) Subsequent to the Closing Date (1) from amounts derived from the proceeds of future draws on the Bonds, the Trustee shall deposit such amounts in the Tax-Exempt Bond Account of the Project Fund and (2) from amounts received from the Borrower (exclusive of Pledged Revenues) or the Investor Limited Partner, the Trustee shall deposit such amounts into the Equity Account of the Project Fund.

ARTICLE VIII

PLEDGE; FUNDS

Section 8.1. Pledge of Revenues and Assets. The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the granting clauses hereof for the payment of the principal of, premium, if any, and interest on the Bonds, in accordance with their terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Bonds by the Trustee or by any person authorized by the Trustee to deliver the Bonds. The Trust Estate so pledged and then or thereafter received by the Trustee 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 Issuer irrespective of whether such parties have notice thereof.

Section 8.2. Establishment of Funds. There are established with the trustee the following trust funds and accounts:

(a) The Bond Fund;

(b) The Project Fund (and the Capitalized Interest Account, the Tax-Exempt Bond Account, the Equity Account, the Negative Arbitrage Account and the Remaining Bond Proceeds Account (with a Remaining Bond Proceeds Account Earnings Subaccount) therein);

(c) The Rebate Fund;

(d) The Expense Fund;

(e) The Costs of Issuance Fund;

(f) The Remarketing Proceeds Fund;

(g) The Principal Reserve Fund;

(h) The Surplus Fund; and

(i) Payment and Performance Letter of Credit Fund.

All money required to be deposited with or paid to the Trustee for the account of any of the funds created by this Indenture shall be held by the Trustee in trust for the benefit of the Bondholders, and except for (i) money held in the Expense Fund and the Rebate Fund, and (ii) money deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

Section 8.3. Application of Pledged Revenues. All money received by the Trustee from the Borrower (to the extent there is no Servicer) or the Servicer, or as a Cap Payment from the cap provider, and all other Pledged Revenues shall be disbursed or transferred, as appropriate, when received by the Trustee, in the following order of priority:

(i) To the Rebate Fund, an amount equal to the Rebate Amount, if any, then required to be deposited therein pursuant to the Loan Agreement;

(ii) To the Expense Fund, a monthly amount needed to fund when due the amount payable for Third Party Fees;

(iii) To the Bond Fund, the amount of any due and owing Bond Obligations; and

(iv) To the Surplus Fund.

To the extent a Servicing Agreement is in effect from time to time, any sums received directly from the Borrower shall be remitted to the Servicer to be applied in accordance with the Servicing Agreement.

Section 8.4. Bond Fund. The Issuer and the Borrower shall have no interest in the Bond Fund or the moneys therein, which shall always be maintained by the Trustee completely separate and segregated from all other moneys held hereunder and from any other moneys of the Issuer and the Borrower.

The Trustee shall deposit into the Bond Fund the amounts required by Sections 7.2 and 8.3 together with any other amounts received by the Trustee that are subject to the lien and pledge of this Indenture, including any Pledged Revenues not otherwise specifically directed in writing to be deposited into other funds created by this Indenture.

On each Bond Payment Date the Trustee shall apply all amounts on deposit in the Bond Fund in the following order of priority:

First, to pay or provide for the payment of the interest due on the Senior Bonds on the next Bond Payment Date;

Second, to the Principal Reserve Fund in an amount equal to the Principal Reserve Fund Deposit as indicated in the Principal Reserve Fund Deposit Schedule;

Third, to pay or provide for the payment of the Redemption Price of Bonds pursuant to Sections 6.2, 6.3 6.4, 6.5, 6.6, 6.7, 6.8 or 6.9, provided moneys have been transferred or deposited into the Bond Fund for such purpose;

Fourth, if the conditions set forth in Section 16.1 have been satisfied, to pay or provide for the payment of the interest due on the Subordinate Bonds on the next Bond Payment Date;

Fifth, if the conditions set forth in Section 16.1 have been satisfied, once no Senior Bonds remain Outstanding, to redeem the Subordinate Bonds on the next Bond Payment Date in an amount equal to the amounts paid by the Borrower as scheduled principal payments under the Note for the prior calendar month;

Sixth, all Pledged Revenues remaining after the foregoing shall be transferred to the Surplus Fund and held therein.

If the amounts held in the Bond Fund are insufficient to pay the principal of or interest on the Senior Bonds when due (together with any Third Party Fees), the Trustee shall charge the Surplus Fund to cover such deficiency. To the extent so directed by the Bondholder Representative, the Trustee shall also pay any other amounts owing the Issuer or the Trustee under the Bond Documents from amounts on deposit in the Surplus Fund or transfer amounts in the Surplus Fund to the Servicer to be applied in accordance with the Servicing Agreement. The Trustee shall notify the Bondholder Representative of such deficiency only if amounts on deposit in the Surplus Fund are insufficient to make such payment. The Trustee shall obtain the prior written approval of the Bondholder Representative prior to accepting any additional collateral as part of the Trust Estate in the form of Pledged Revenues, Surplus Fund proceeds, or otherwise.

Section 8.5. Expense Fund. The Trustee shall deposit in the Expense Fund the amounts referred to in Sections 7.2 and 8.3(ii). Amounts on deposit in the Expense Fund shall be used to pay the Third Party Fees as and when the same become due. In the Loan Agreement, the Borrower has agreed to pay directly to the Issuer or the Trustee any extraordinary fees and expenses of the Issuer or the Trustee, as the case may be, that are not included within the Issuer's Ongoing Fee or the Trustee's Fee and not otherwise paid from the Surplus Fund.

Section 8.6. Costs of Issuance Fund. Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee only to pay Costs of Issuance upon receipt of a written closing memorandum provided to the Trustee by the Bond Purchaser on the date of initial execution and delivery of this Indenture and, thereafter, upon receipt of a Written Requisition of the Borrower which Requisition shall state the amount to be paid, the payee and the purpose for such payment. Upon the receipt of written direction from the Borrower or the date that is ninety (90) days following the Closing Date, whichever date is earlier, the Trustee shall transfer all amounts remaining in the Costs of Issuance Fund to the Equity Account of the Project Fund provided all the Costs of Issuance have been previously paid.

Section 8.7. Project Fund. (a) The Trustee shall use moneys in the Tax-Exempt Bond Account and the Equity Account of the Project Fund for the acquisition and rehabilitation of the Project, to pay other Qualified Project Costs and to pay other costs related to the Project as provided herein; provided, however, that any moneys on deposit in the Capitalized Interest Account of the Project Fund shall only be used to make payments on the Note (including payments under any Swap Agreement, as provided therein) pursuant to Section 2.5 of the Loan Agreement and as otherwise provided in Section 8.7(c) below. The amounts on deposit in the Tax-Exempt Bond Account shall not be applied to the payment of Costs of Issuance. The amounts on deposit in the Equity Account of the Project Fund shall be disbursed pursuant to the provisions of Section 8.7(g).

Not less than 95% of the Tax-Exempt Bond proceeds representing net proceeds of the Tax-Exempt Bond, including Investment Income on moneys in the Tax-Exempt Bond Account, will be expended for Qualified Project Costs (the "95% Requirement"). Amounts on deposit in the Tax-Exempt Bond Account of the Project Fund shall be allocated to, and disbursed from time to time by the Trustee, for the sole purpose of paying Qualified Project Costs and other costs that are the subject of a Written Requisition and approved in writing by the Servicer as provided in the next sentence, which Written Requisition shall include a certification of compliance with the 95% Requirement.

Before any payment shall be made from any account within the Project Fund, there shall be filed with the Trustee a Written Requisition of the Borrower substantially in the form attached hereto as Exhibit C-1 and approved in writing by the Servicer for each such payment (upon which the Trustee may conclusively rely). Notwithstanding the foregoing, upon the use of all of the moneys in the Capitalized Interest Account, the Trustee may withdraw amounts from the Equity Account of the Project Fund without a Written Requisition to pay interest on the Bonds.

In connection with a Written Requisition:

Only the signature of an authorized officer of the Servicer shall be required on a Written Requisition during any period in which a default by the Borrower has occurred and is then continuing under the Loan (notice of which default has been given in writing by an authorized officer of the Servicer to the Trustee and the Issuer, and the Trustee shall be entitled to conclusively rely on any such Written Notice as to the occurrence and continuation of such a default).

The Trustee shall disburse amounts in the Project Fund upon receipt of a Written Requisition signed only by the Servicer (and without any need for any signature by an Authorized Borrower Representative), 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 Bond Documents prior to the Conversion Date.

The Trustee shall be entitled to conclusively rely upon any Written Requisition in determining whether to disburse amounts from the Project Fund.

The Trustee 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 Servicer, as required by this Section, as conditions of payment from the Project Fund, which Written Requisitions constitute, as to the Trustee, irrevocable determinations that all conditions to payment of the specified amounts from the Project Fund have been satisfied. These documents shall be retained by the Trustee, subject at all reasonable times to examination by the Borrower, the Investor Limited Partner, the Issuer, the Servicer and the agents and representatives thereof. The Trustee is not required to inspect the Project or the rehabilitation or construction work or to make any independent investigation with respect to the matters set forth in any Requisition or other statements, orders, certifications and approvals received by the Trustee. The Trustee is not required to obtain completion Bonds, lien releases or otherwise supervise the acquisition, rehabilitation, 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 Servicer as applicable, the Trustee shall within three (3) Business Days make payment from the appropriate account within the Project Fund in accordance with such Written Requisition. The Trustee shall have no duty to determine whether any requested disbursement from the Project Fund complies with the terms, conditions and provisions of the Bond Documents, constitute payment of Qualified Project Costs or complies with the 95% requirement. The approval in writing of a Written Requisition by the Servicer as applicable shall be deemed a certification and, insofar as the Trustee is concerned, shall constitute conclusive evidence that all of the terms, conditions and requirements of the Bond Documents applicable to such disbursement have been fully satisfied or waived and the Written Requisition from the Borrower shall, insofar as the Trustee and the Issuer are concerned, constitute conclusive evidence that the costs described in the Written Requisition constitute Qualified Project Costs or other permitted Project costs. Each Written Requisition shall include an exhibit that allocates the requested disbursement among the Bonds and the funds received by the Trustee from the Borrower. The Trustee shall, immediately upon each receipt of a completed Written Requisition signed by an authorized officer of the Borrower and approved in writing by the Servicer as applicable, initiate procedures with the provider of the Investment Agreement, if any, to make withdrawals under any Investment Agreement as necessary to fund the Written Requisition.

The Trustee shall immediately notify the Borrower, the Servicer and the Bondholder Representative if there are not sufficient funds available to make the transfers as and when required by this subsection (b). Except as provided in the next sentence, all such payments shall be made by check or draft payable, or by wire transfer, either (i) directly to the person, firm or corporation to be paid, (ii) to the Borrower and such person, firm or corporation, or (iii) upon the Bondholder Representative's receipt of evidence that the Borrower has previously paid such amount and Written Direction to the Trustee as to such, to the Borrower. Upon the occurrence of an Event of Default of the Borrower of which the Trustee has knowledge as provided herein, which is continuing under the Bond Documents, with the Written Consent of the Bondholder Representative, the Trustee may apply amounts on deposit in the Project Fund to the payment of principal of and interest on the Bonds. If a Written Requisition signed by the Authorized Borrower Representative and countersigned by an authorized officer of the Bondholder Representative is received by the Trustee, the requested disbursement shall be paid by the Trustee as soon as practicable, but in no event later than three (3) Business Days following receipt thereof by the Trustee. Upon final disbursement of all amounts on deposit in the Project Fund, the Trustee shall close the Project Fund.

(c) After the Closing Date, the Borrower, with the written consent of the Bondholder Representative, may deposit additional funds into the Capitalized Interest Account. Moneys on deposit in the Capitalized Interest Account of the Project Fund, together with investment earnings thereon which shall be retained therein, shall be transferred to the Bond Fund and applied pursuant to Section 8.4 on each Loan Payment Date in an amount equal to the Loan Payments (excluding Third Party Fees) due on such date; provided that, upon receipt of a Written Direction of the Borrower, moneys on deposit in the Capitalized Interest Account of the Project Fund shall be transferred to the Servicer on each Loan Payment Date in an amount as set forth in such Written Direction which amount shall represent Loan Payments (excluding Third Party Fees) due on such Loan Payment Date. Upon the request of the Trustee, the Servicer shall provide the Trustee with a schedule of the Loan Payment Dates and corresponding Loan Payment amounts. The transfer of moneys from the Capitalized Interest Account of the Project Fund to the Bond Fund or the Servicer as set forth above shall occur automatically on each Loan Payment Date without the need for a Written Requisition of the Borrower, or consent of the Bondholder Representative.

(d) Immediately prior to any mandatory redemption of Bonds pursuant to Section 6.3 or 6.4, any amounts then remaining in the Project Fund attributable to the proceeds of the Bonds (as determined by the Written Requisitions from the Project Fund received by the Trustee from the Borrower and approved by the Servicer) shall, at the written direction of the Bondholder Representative, be transferred to the Bond Fund to be applied to the redemption of Bonds pursuant to Sections 6.3 or 6.4 or the purchase of Bonds in lieu of redemption pursuant to the provisions of Section 6.10 hereof.

(e) Amounts on deposit in the Project Fund shall be invested as provided in Section 9.1. All 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) When the Project has been completed, the Borrower shall deliver a Certificate of Completion, which contains a certification regarding the "95% Requirement" referred to in subsection (a), to the Trustee, the Issuer, the Servicer and the Bondholder Representative (the "Certificate of Completion"). On the date that is six months after the date on which the Trustee shall have received the Certificate of Completion, the Trustee shall transfer the balance of any moneys remaining in the Project Fund attributable to the proceeds of the Bonds (as determined by the Written Requisitions from the Project Fund received by the Trustee from the Borrower and approved by the Servicer) in excess of the amount to be reserved for payment of unpaid Project costs to the Bond Fund and apply such funds to the redemption of Bonds in accordance with Section 6.2.

(g) After the Closing Date, amounts on deposit in the Equity Account of the Project Fund shall be disbursed from time to time by the Trustee to pay designated amounts as set forth in and upon receipt of a Written Requisition of the Borrower signed by an Authorized Borrower Representative, the Bondholder Representative and the Servicer.

Section 8.8. Rebate Fund. (a) The Trustee shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto.

(b) Within 15 days after each receipt or transfer of funds to the Rebate Fund in accordance with Section 8.3 hereof, the Trustee shall withdraw from the Rebate Fund and pay to the United States of America the entire balance of the Rebate Fund.

(c) All payments to the United States of America pursuant to this Section shall be made by the Trustee for the account and in the name of the Issuer 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 Trustee by the Borrower or the Rebate Analyst as set forth in the Loan Agreement).

(d) The Trustee shall preserve all statements, forms and explanations received from the Borrower and delivered to the Trustee pursuant to Section 4.20(h) of the Loan Agreement and all records of transactions in the Rebate Fund until six years after the retirement of all of the Bonds.

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

(f) If at any time during the term of this Indenture the Issuer, the Trustee or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section, such person shall be permitted to take such action if it shall first obtain and provide to the other persons named herein, a Bond Counsel No Adverse Effect Opinion and an opinion of Bond Counsel that such action shall be in compliance with the laws of the State and the terms of this Indenture.

(g) Moneys and securities held by the Trustee in the Rebate Fund shall not be deemed funds of the Issuer and are not pledged or otherwise subject to any security interest in favor of the Owners to secure the Bonds or any other obligations.

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

(i) Notwithstanding anything to the contrary in this Indenture, no payment shall be made by the Trustee to the United States if the Borrower shall furnish to the Issuer and the Trustee, an opinion of Bond 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 Bonds. In such event, the Borrower shall be entitled to withdraw funds from the Rebate Fund to the extent the Borrower shall provide a Bond Counsel No Adverse Effect Opinion to the Issuer and the Trustee with respect to such withdrawal.

(j) The Trustee shall keep and make available to the Issuer and the Borrower records concerning the investments of all funds held by the Trustee pursuant to this Indenture including date bought and sold, price and commission paid, and bids taken, if any, and shall keep all such records until six years after the date on which no Bonds are Outstanding in order to enable the Borrower to make the computations required under Section 148(f) of the Code.

(k) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 8.8 need not be made to the extent that neither the Issuer nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on a Bond Counsel No Adverse Effect Opinion, a copy of which shall be provided to the Trustee.

Section 8.9. <u>Surplus Fund and Payment and Performance Letter of Credit Fund</u>. The Trustee shall disburse all amounts on deposit in the Surplus Fund as provided in Section 8.4. The Trustee shall hold the Payment and Performance Letter of Credit hereunder as part of the Trust Estate. The Trustee shall draw upon the Payment and Performance Letter of Credit in full as follows: (a) first pursuant to a draw upon the letter of credit issued by [______________] (the "[___________] Letter of Credit"), not later than the earlier of (1) if the Trustee receives by 10:00 am Pacific Time (either standard or daylight, whichever is then in effect) a Written Direction of the Bondholder Representative to do so, the Trustee shall submit a draw on such day, if the Trustee receives such Written Direction after 10:00 am Pacific Time, the Trustee shall submit a draw on the following Business Day or (2) the Business Day prior to the expiration of the [_________] Letter of Credit; and (b) second, pursuant to a draw under the letter of credit issued by the [Federal Home Loan Bank of __________] upon failure by [__________] to honor a draw under the [________] Letter of Credit, but in no case later than the Business Day prior to the expiration thereof. The Trustee shall return or otherwise deliver the Payment and Performance Letter of Credit as directed by the Bondholder Representative in a Written Direction. All funds drawn upon the Payment and Performance Letter of Credit shall be held in the Payment and Performance Letter of Credit Fund and shall be disbursed as directed in a Written Direction of the Bondholder Representative.[**reserved**].

Section 8.10. <u>Application of Funds and Accounts Upon Event of Default</u>. Upon the occurrence of an Event of Default, the Trustee shall, unless otherwise directed in a written direction from the Bondholder Representative, apply all moneys in the funds and accounts established under this Indenture pursuant to Section 11.5.

Section 8.11. <u>Non-Presentment of Bonds</u>. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if money sufficient to pay such Bond shall have been made available to the Trustee for the benefit of the Registered Holders thereof and shall have remained unclaimed for two years after the date on which such principal became due, upon written direction from the Bondholder Representative, such funds shall be released to the Bondholder Representative, or any successor provision of law, and all liability of the Issuer and the Trustee to the Registered Owners thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged; provided, however, that the Trustee, before being required to dispose of such funds as stated above shall cause to be published once in a financial newspaper or journal of general circulation in New York, New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the Bondholder Representative. The cost of such publication shall be paid by the Bondholder Representative. The obligation of the Trustee under this Section is to dispose of any such funds pursuant to the laws of the State.

Section 8.12. Final Balances. Notwithstanding the person or persons that are the Registered Holder of the Bond, any moneys remaining in any fund or account created under this Indenture after payment or provision for payment in full of all Bond Obligations, all fees, charges and expenses of or other amounts to be paid by the Borrower to the Issuer, the Trustee, the Credit Facility Provider, the Swap Counterparty, if any, the Rebate Analyst, the Servicer, the Bondholder Representative and the Bond Purchaser the payment of all parties to whom moneys are owed pursuant to Section 8.3 and all other amounts required to be paid hereunder or under the Bond Documents, shall be paid to the Servicer for distribution in accordance with the Servicing Agreement or, if there is no Servicing Agreement in place, then to the Borrower.

Section 8.13. Remarketing Proceeds Fund. Amounts received from the Remarketing Agent on the Bond Purchase Date pursuant to Section 5.3(d) shall be deposited to the Remarketing Proceeds Fund and shall be used solely to any purchase remarketed or deemed remarketed Bond pursuant to Section 5.3(d).

Section 8.14. Principal Reserve Fund. (a) The Trustee shall deposit into the Principal Reserve Fund all of the monthly payments made by the Borrower in accordance with the Principal Reserve Fund Deposit Schedule (if applicable); provided, however, that such monthly payments may be deferred as such Schedule may be amended in writing by the Borrower and the Bondholder Representative and provided to the Trustee by the Bondholder Representative upon delivery of a Bond Counsel No Adverse-Effect Opinion. Investment Income earned on amounts on deposit in the Principal Reserve Fund shall be retained in the Principal Reserve Fund.

(b) The Trustee shall pay, apply or transfer amounts on deposit in the Principal Reserve Fund as follows:

(1) if the aggregate amount on deposit in the Principal Reserve Fund on the tenth Business Day of any month is greater than the Principal Reserve Amount, then all amounts on deposit in the Principal Reserve Fund (rounded downward to the nearest minimum Authorized Denomination) in excess of the Principal Reserve Amount shall be applied to the redemption of the Bonds pursuant to Section 6.5; and

(2) on the Bond Payment Date following receipt by the Trustee of Investment Income on moneys in the Principal Reserve Fund, pay such Investment Income to the Borrower; and

(3) if the aggregate amount on deposit in the Principal Reserve Fund on the tenth day of any month is equal to the principal amount of the Bonds outstanding then all amounts on

deposit in the Principal Reserve Fund shall be applied to the redemption of the Bonds pursuant to Section 6.5; and

(4) with the Written Consent of the Borrower and the Bondholder Representative, disbursed for any other purpose, including disbursement to the Borrower; provided that, upon the occurrence of an Event of Default, no such Written Consent of the Borrower shall be required for the Bondholder Representative to instruct the Trustee to disburse such funds as it so directs to cover any amounts due with respect to the Loan or the Bonds.

The Principal Reserve Fund Deposit Schedule may be revised from time to time by the Written Direction of the Bondholder Representative to reflect an unscheduled redemption of the Bonds in part. The Trustee shall conclusively rely on such Written Direction when determining amounts to be redeemed pursuant to Section 6.5.

Section 8.15. Additional Funds. The Trustee is hereby 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) received by the Trustee pursuant to the terms hereof or any of the other Bond Documents.

Section 8.16. Swap or Cap Agreements. The Trustee shall only accept a Cap Agreement or Swap Agreement at the written direction of the Bondholder Representative. In the event the Trustee does not receive a subsequent Swap Agreement or Cap Agreement three (3) Business Days prior to expiration of the then current Swap Agreement or Cap Agreement, held by the Trustee, the Trustee shall immediately provide written notice to the Bondholder Representative that it has not received a subsequent Swap Agreement or Cap Agreement to be in effect following termination of the current Swap Agreement or Cap Agreement, as applicable.

ARTICLE IX

INVESTMENT OF FUNDS

Section 9.1. Investment of Funds. (a) Any money held as part of the funds and accounts shall be invested or reinvested by the Trustee solely pursuant to written direction from the Borrower in Permitted Investments. The Borrower shall comply with all requirements of the Tax Certificate in directing such investments. All such Permitted Investments shall mature or be subject to withdrawal or redemption without discount or penalty prior to the next Bond Payment Date. In addition, following receipt by a Responsible Officer of Written Notice of an Event of Default of the Borrower, Loan Agreement Default or Default of the Borrower, the Trustee shall invest and reinvest the money it holds as part of the funds and accounts in Permitted Investments. Except as described below, any investment made with money on deposit in a fund or account shall be held by or under control of the Trustee and shall be deemed at all times a part of the fund or account where such money was on deposit, and the interest and profits realized from such investment shall be credited to such fund or account and any loss resulting from such investment shall be charged to such fund or account. In the absence of the receipt of any investment instructions as provided herein, the Trustee may invest all money under its control in investments described in clause (h) of the definition of Permitted Investments. Notwithstanding the foregoing, amounts in the Project Fund shall be invested in the Investment Agreement, if any.

(b) Any investment of money may be made by the Trustee through its own Bond department, investment department or other commercial banking department or affiliate of the Trustee providing investment services. The Trustee, any such department or the Trustee's affiliates may receive reasonable and customary compensation in connection with any investment made under this Indenture.

(c) The Trustee shall have no liability or responsibility for any depreciation of the value of any investment made in accordance with the provisions of this Section or for any loss resulting from such investment or redemption, sale or maturity thereof.

(d) Unless otherwise confirmed in writing, an account statement delivered by the Trustee to the Borrower shall be deemed written confirmation by said party that the investment transactions identified therein accurately reflect the investment directions given to the Trustee by said party, unless said party notifies the Trustee in writing to the contrary within thirty (30) days of the date of receipt of such statement.

(e) The Issuer (and the Borrower by virtue of its execution of the Loan Agreement) acknowledges that to the extent regulations of the Office of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Issuer and the Borrower specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish to the Issuer (to the extent requested by it), the Bondholder Representative and the Borrower periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

(f) Except as otherwise provided in subsection (g) of this Section, the Issuer and the Borrower (by virtue of its execution of the Loan Agreement) covenant that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value.

(g) The Issuer acknowledges (and the Borrower by virtue of its execution of the Loan Agreement covenants) that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in any reserve fund shall be valued at their present value (within the meaning of Section 148 of the Code).

(h) The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase is a Permitted Investment remains a Permitted Investment. The Trustee may transfer investments from any fund or account to any other fund or account in lieu of cash when a transfer is required or permitted by the provisions of this Indenture.

ARTICLE X

REPRESENTATIONS AND COVENANTS

Section 10.1. General Representations. The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Issuer is a public body, corporate and politic, organized and existing under the laws of the State of California, has the power and authority to (i) enter into the Bond Documents to which it is a party and the transactions contemplated thereby, (ii) issue the Bonds to finance the Project and (iii) carry out its other obligations under this Indenture and the Bonds, and by proper action has duly authorized the Issuer's execution and delivery of, and its performance under, such Bond Documents and all other agreements and instruments relating thereto.

(b) The Issuer is not in default under or in violation of, and the execution and delivery of the Bond 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, (1) the Act, (2) to its knowledge, any other existing laws, rules, regulations, judgments, decrees and orders applicable to it, or (3) to its knowledge, the provisions of any agreements and instruments to which the Issuer is a party, a default under or violation of which would prevent it from issuing and selling the Bonds, financing the Project, executing and delivering the Bond Documents to which it is a party or consummating the transactions contemplated thereby, and, to its knowledge, no event has occurred and is continuing under the provisions of any such agreement or instrument or otherwise that with the lapse of time or the giving of notice, or both, would constitute such a default or violation (it being understood, however, that the Issuer is making no representations as to the necessity of registering the Bonds pursuant to any securities laws or complying with any other requirements of securities laws).

(c) To the Issuer's knowledge, 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 Issuer, threatened against the Issuer with respect to (1) the organization and existence of the Issuer, (2) its authority to execute or deliver the Bond Documents to which it is a party, (3) the validity or enforceability of any such Bond Documents or the transactions contemplated thereby, (4) the title of any officer of the Issuer who executed such Bond Documents or (5) any authority or proceedings relating to the execution and delivery of such Bond Documents on behalf of the Issuer, 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 Loan Agreement, the Note and this Indenture have not been pledged previously by the Issuer to secure any of its notes or Bonds other than the Bonds.

THE ISSUER 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 SALE OF THE BONDS OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

Section 10.2. No Encumbrance on Trust Estate. The Issuer will not knowingly create or knowingly permit the creation of any mortgage, pledge, lien, charge or encumbrance of any kind on the Trust Estate or any part thereof prior to or on a parity with the lien of this Indenture, except for any liens securing the Subordinate Loans and as otherwise expressly permitted or contemplated by the Bond Documents.

Section 10.3. Payment of Bond Obligations. Subject to the provisions of Article III, the Issuer will duly and punctually pay, or cause to be paid, the Bond Obligations, as and when the same shall become due and will duly and punctually deposit, or cause to be deposited, in the funds and accounts created under this Indenture the amounts required to be deposited therein, all in accordance with the terms of the Bonds and this Indenture.

Section 10.4. Loan Agreement Performance. (a) The Trustee, on behalf of the Issuer, may (but shall not be required or obligated) perform and observe any such agreement or covenant of the Issuer under the Loan Agreement, all to the end that the Issuer's rights under the Loan Agreement may be unimpaired and free from default.

(b) The Issuer will promptly notify the Trustee, the Borrower, the Servicer and the Bondholder Representative in writing of the occurrence of any Loan Agreement Default, provided that the Issuer has received written notice or otherwise has actual knowledge of such event.

Section 10.5. Maintenance of Records; Inspection of Records. (a) The Trustee shall keep and maintain adequate records pertaining to the funds and accounts established hereunder, including all deposits to and disbursements from said funds and accounts. The Trustee shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and premium paid on the Bonds, subject to the inspection of the Borrower, the Issuer, the Bondholder Representative, the Servicer and their representatives at all reasonable times and upon reasonable prior notice.

(b) The Issuer will at any and all times, upon the reasonable request of the Trustee, the Borrower or the Bondholder Representative, afford and procure a reasonable opportunity by their respective representatives to inspect the books, records, reports and other papers of the Issuer relating to the Project and the Bonds, if any, and, at the expense of the requesting party, to make copies thereof.

Section 10.6. Tax Covenants. The Issuer covenants to and for the benefit of the Bondholders that, notwithstanding any other provisions of this Indenture or of any other instrument, it will:

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

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

(c) At all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Issuer on the Bonds will be excluded from the gross income, for federal income tax purposes, of the Bondholders pursuant to Section 103 of the Code, except in the event where any such Owner of the Bonds are a "substantial user" of the facilities financed with the Bonds or a "related person" within the meaning of the Code;

(d) Not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "Federally Guaranteed" within the meaning of Section 149(b) of the Code and the Regulations; and

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

In furtherance of the covenants in this Section 10.6, the Issuer and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which are by this reference incorporated into this Indenture and made a part of this Indenture as if set forth in this Indenture in full, and by its acceptance of this Indenture the Trustee acknowledges receipt of the Tax Certificate and acknowledges its incorporation in this Indenture by this reference. The Trustee agrees it will invest funds held under this Indenture in accordance with the terms of this Indenture and the Tax Certificate (this covenant shall extend throughout the term of the Bonds, to all Funds and Accounts created under this Indenture and all moneys on deposit to the credit of any Fund or Account); provided that the Trustee shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows directions of the Borrower or otherwise complies with the provisions of Article V of the Indenture. The

Trustee further agrees to notify the Borrower of the Borrower's obligation under Section 4.20 of the Loan Agreement with respect to the calculation of rebatable arbitrage.

For purposes of this Section 10.6 the Issuer's compliance shall be based solely on matters within the Issuer's control and no acts, omissions or directions of the Borrower, the Trustee or any other Persons shall be attributed to the Issuer.

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

Section 10.7. Performance by the Borrower. Without relieving the Issuer 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 Issuer, may perform any such agreement or covenant if no Loan Agreement Default or Default under the Loan Agreement exists.

ARTICLE XI

DEFAULT; REMEDIES

Section 11.1. Provisions Regarding Any Default and Acceleration. Upon a default by the Issuer of its obligations hereunder or a default by the Borrower of its obligations under the Loan Documents, the Trustee shall, subject to the provisions of Article XII, take such actions, and only such actions, to enforce the provisions of this Indenture, the Loan Documents and the Bond Documents as are specified in writing by the Bondholder Representative. Notwithstanding anything else to the contrary herein or in the Loan Agreement, no default by the Borrower under the Loan Agreement, the Note or any other Loan Document shall constitute an event of default with respect to the Bonds (including, without limitation, a failure to make any payment due with respect to the Bonds as a consequence of the Borrower's failure to make any payment due under the Loan Agreement). The Issuer's, Trustee's, Bondholder Representative's and Servicer's remedies with respect to a default under the Loan Documents shall be as set forth under the Loan Documents. In the event of a default by the Borrower under the Loan Documents, the Bondholder Representative, in its discretion, may accelerate the amounts due under the Loan Agreement and take other remedial actions available thereunder without accelerating the amounts due with respect to the Bonds. Notwithstanding the foregoing, the Bondholder Representative may, upon the acceleration of the Borrower's obligations under the Loan Documents, direct the Trustee to simultaneously accelerate the maturity of the Bonds and apply any funds available hereunder to the payment of the Bonds (after paying the fees and expenses of the Trustee and the Issuer). Any portion of the Bonds remaining outstanding upon such an acceleration of the Bonds shall be deemed paid upon transfer, to or at the direction of the Bondholder Representative, of the Loan Documents and all security therefor, free and clear of the lien of this Indenture.

The Issuer shall cooperate with the Trustee and the Bondholder Representative in exercising rights and remedies under the Loan Documents, but only upon being satisfactorily indemnified by the Borrower for any fees or expenses relating thereto and provided in the Loan Agreement and Regulatory Agreement.

Section 11.2. Effectiveness of Sections 11.2 Through 11.16 at the Direction of Issuer; Events of Default. At the written request of the owner or owners of a majority in principal amount of the Outstanding Bonds, the Issuer may authorize, by written notice to the Trustee, the effectiveness of this Section 11.2 and Sections 11.3 through 11.16. The Issuer's authorization of such provisions may be granted on such terms as the Issuer may determine in its sole and absolute discretion, including, without limitation, provision by the requesting Bondholders of indemnification reasonably satisfactory to the

Issuer. Upon delivery of the above-referenced authorization the provisions of this Section 11.2 and Sections 11.3 through 11.16 shall be effective. Any one or more of the following shall constitute an event of default (an "Event of Default") under this Indenture (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) If any of the Senior Bonds are Outstanding, a default in the payment of any interest upon the Senior Bonds when such interest becomes due and payable; or

(b) If any of the Senior Bonds are Outstanding, a default in the payment of principal of, or premium on, the Senior Bonds when such Senior Bonds principal or premium becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for mandatory redemption, purchase or otherwise; or

(c) After no Senior Bonds remain Outstanding, a default in the payment of any interest upon the Subordinate Bonds when such interest becomes due and payable; or

(d) After no Senior Bonds remain Outstanding, a default in the payment of principal of, or premium on, the Subordinate Bonds when such Subordinate Bond principal or premium becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for redemption, purchase or otherwise; or

(e) Subject to Section 10.7, default in the performance or breach of any material covenant or warranty of the Issuer in this Indenture (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 thirty (30) days after there has been given written notice, as provided in Section 15.1, to the Issuer and the Borrower by the Trustee or to the Issuer, the Borrower and the Trustee, by the Bondholder Representative, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Indenture; provided that, so long as the Issuer has commenced to cure such failure to observe or perform within the thirty (30) day cure period and the subject matter of the default is not capable of cure within said thirty (30) day period and the Issuer is diligently pursuing such cure to the Trustee's satisfaction, with the Bondholder Representative's Written Direction or Written Consent, then the Issuer shall have an additional period of time as reasonably necessary (not to exceed thirty (30) days unless extended in writing by the Bondholder Representative) within which to cure such default; or

(f) A failure to pay any Third Party Fee; or

(g) Receipt by the Trustee of a written notice from a Credit Facility Provider that a default or event of default has occurred and is continuing under the Reimbursement Agreement; or

(h) Failure of a Credit Facility Provider to honor any drawing in accordance with the terms of the Credit Facility; or

(i) A Credit Facility Provider shall (i) commence a proceeding under any federal or state insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days; or (ii) have a receiver, conservator, liquidator or trustee appointed for it or for the whole or any substantial part of its property; or

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

The Trustee will promptly notify the Issuer, the Borrower, the Servicer and the Bondholder Representative after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default.

Section 11.3. Acceleration of Maturity; Rescission and Annulment. (a) Subject to the provisions of Section 11.12, upon the occurrence of an Event of Default under Section 11.2, then and in every such case, the Trustee may (but only with the Written Consent of the Bondholder Representative) and, at the Written Direction of the Bondholder Representative, the Trustee shall declare the principal of the Bonds and the interest accrued to be immediately due and payable, by notice to the Issuer and the Borrower and upon any such declaration, all principal of and prepayment premium, if any, and interest on the Bonds shall become immediately due and payable.

(b) At any time after such a declaration of acceleration has been made pursuant to subsection (a), the Bondholder Representative (if it gave Written Consent or written direction pursuant to Section 11.3(a)) may by Written Notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if:

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

(ii) All Events of Default, other than the non-payment of the principal of the Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 11.12; and

(iii) A Swap Agreement or Cap Agreement complying with the provisions of the Loan Agreement is in effect.

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 the Trustee shall pursue no remedies against the Borrower, the Project or the Project Fund if no Loan Agreement Default has occurred and is continuing. An Event of Default hereunder shall not in and of itself constitute a Loan Agreement Default.

Section 11.4. Additional Remedies; Bondholder Representative Enforcement. (a) Upon the occurrence of an Event of Default, the Trustee may, subject to the provisions of this Section 11.4 and the last paragraph of Section 11.13, proceed to protect and enforce its rights and the rights of the Bondholders by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Indenture upon or remedy reserved to the Trustee or to the Bondholders 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 Trustee or to the Bondholders 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 Bondholder Representative may proceed forthwith to protect and enforce its rights and the rights of the Bondholders, the Bonds and this Indenture by such suits, actions or proceedings as the Bondholder Representative, in its sole discretion, shall deem expedient.

(c) Notwithstanding anything to the contrary contained in this Indenture, the Trustee shall not exercise any of its rights or remedies under this Article XI or otherwise hereunder or under any of the other Bond Documents as a result of the occurrence of an Event of Default hereunder unless and until instructed by Written Direction to do so by the Bondholder Representative. The Trustee shall in such event exercise such rights and remedies as so instructed by the Bondholder Representative (if it gave Written Direction to the Trustee pursuant to this Section 11.4(c)); provided, that before taking any action requested by the Bondholder Representative (except for acceleration of the Bonds and making demand upon any Credit Facility), the Trustee may require reasonably satisfactory security or an indemnity Bond reasonably satisfactory to it from the Bondholder Representative for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its own negligence or willful misconduct by reason of any such action so taken.

(d) Whether or not an Event of Default has occurred, any and all consents and approvals of the Trustee required under the Mortgage, the Note or any other Bond Document shall be given only with the prior Written Consent of the Bondholder Representative, in its sole discretion.

(e) Whether or not an Event of Default has occurred, and except as provided in subsections 11.4(f) and (g), the Bondholder Representative, in its sole discretion, shall have the sole right to direct the Trustee to waive or forebear any term, condition, covenant or agreement of the Mortgage, the Loan Agreement, the Note or any other Bond Documents applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax-exempt status of the Bonds, and provided that the Issuer may enforce specific performance with respect to the Unassigned Issuer's Rights.

(f) 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 and the Bondholder Representative receive Written Notice from the Trustee or the Issuer stating that an Event of Default under the Regulatory Agreement has occurred and specifying the nature of the Event of Default, the Trustee 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 such forbearance by the Trustee in the exercise of its remedies under the Bond Documents shall not be construed as a waiver by the Trustee or the Bondholder Representative of any Conditions to Conversion.

(g) If the Borrower defaults in the performance of its obligations under the Loan Agreement to make rebate payments, to comply with continuing disclosure requirements or to make payments to the Trustee owed pursuant to Sections 2.6, 4.12 or 4.15 of the Loan Agreement for fees, expenses or indemnification, the Trustee shall have the right to exercise all its rights and remedies thereunder (subject to the last paragraph of Section 11.13); provided, however, that any such forbearance by the Trustee in the exercise of its remedies under the Bond Documents shall not be construed as a waiver by the Trustee or the Bondholder Representative of any Conditions to Conversion nor a waiver of any of the Trustee's rights.

Section 11.5. Application of Money Collected. Any money received by the Trustee from the Servicer for distribution hereunder shall be applied in the following order, at the date or dates fixed by the

Trustee as directed by the Bondholder Representative and, in case of the distribution of such money on account of the Bond Obligations, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) First, the amount of any Issuer's Ongoing Fee, Trustee Fee and Rebate Analyst Fee then due and payable under the Bond Documents, except to the extent of any funds then on deposit in the Expense Fund or otherwise held by the Trustee to pay the same;

(b) Second, any amount due and payable under the Bonds; and

(c) Third, the payment of the remainder, if any, to the Servicer to be applied according to the Servicing Agreement.

Any money collected by the Trustee pursuant to this Article, and any other sums then held by the Trustee as part of the Trust Estate following an Event of Default hereunder, shall first be remitted to the Servicer to be applied in accordance with the Servicing Agreement and thereafter to the extent not required to cover any proper disbursements thereunder, to the Borrower.

Section 11.6. Remedies Vested in Trustee and Bondholder Representative. All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of the Bonds or the production thereof in any proceeding relating thereto. Subject to the rights of the Bondholder Representative to direct proceedings hereunder, any such proceeding instituted by the Trustee shall be brought in its own name as Trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the benefit of the Bondholders, in respect of whom such judgment has been recovered, subject to the provisions of Section 11.5.

Section 11.7. Limitation on Suits; Rights of Bondholders. Subject to the provisions of Section 11.13 of this Indenture and to rights specifically given to the Bondholder Representative, no Bondholder shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or Trustee or for any other remedy hereunder, unless:

(i) Such Bondholder previously has given Written Notice to the Trustee of a continuing Event of Default;

(ii) Such Bondholder shall have made Written Request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(iii) Such Bondholder (either alone or together with other Bondholders) has offered to the Trustee in writing reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and the Trustee has thereafter failed or refused to exercise remedies hereunder; and

(iv) No remedies have been exercised by either the Bondholder Representative or the Trustee for a period of sixty (60) days from the date the Bondholder provided reasonable indemnity pursuant to clause (iii) above.

Section 11.8. Unconditional Right of Bondholders to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, other than those set forth in Article III, to the contrary, the Bondholders shall have the right which is absolute and unconditional to receive payment of the Bond Obligations when due and, subject to Section 11.7, to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the Written Consent of all of the Bondholders.

Section 11.9. Restoration of Positions. If the Trustee, the Bondholder Representative or any of the Bondholders shall have instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, the Bondholder Representative or to the Bondholders, then and in every such case the Issuer, the Trustee, the Bondholder Representative and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Issuer, the Trustee, the Bondholder Representative and the Bondholders shall continue as though no such proceeding had been instituted.

Section 11.10. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee, the Bondholder Representative or the Bondholders 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 11.11. Delay or Omission Not Waiver. No delay or omission of the Trustee, the Bondholder Representative or of the Bondholders 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 Trustee, the Bondholder Representative or the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee, the Bondholder Representative or by the Bondholders, as the case may be. No waiver of any default or Event of Default pursuant to Section 11.12, whether by the Trustee, the Bondholder Representative or the Bondholders, shall extend to or shall affect any subsequent default or Event of Default hereunder or shall impair any rights or remedies consequent thereon.

Section 11.12. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee, the Bondholder Representative (or, in the event of a monetary default, all of the Bondholders) may, subject to Section 11.7, by Written Notice to the Trustee, the Issuer and the Borrower, waive any past default hereunder or under the Loan Agreement and its consequences except for default in obligations due the Issuer pursuant to or under the Unassigned Issuer's 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 Indenture and the Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 11.13. Remedies Under Loan Agreement or Note. As set forth in this Section 11.13 but subject to the last paragraph of this Section 11.13, the Trustee, at the Written Direction of the Bondholder Representative, shall have the right, in its own name or on behalf of the Issuer, to declare any default and exercise any remedies under the Loan Agreement or the Note, whether or not the Bonds has been accelerated or declared due and payable by reason of an Event of Default. Any money collected by the Trustee pursuant to the exercise of any remedies under the Loan Agreement or the Note shall be applied as provided in Section 11.5.

If an Event of Default has occurred and is continuing, the Trustee, at the Written Direction of the Bondholder Representative, shall enforce the Bond Documents and pursue the rights and remedies thereunder whether or not the Bonds has been accelerated or declared due and payable.

Notwithstanding anything to the contrary contained in this Indenture, the Trustee shall not exercise any of its rights or remedies under the Loan Agreement, the Note or any of the other Bond Documents as a result of the occurrence of a Loan Agreement Default, or an Event of Default under the Mortgage or any default or event of default under any of the other Bond Documents and the expiration of the applicable grace period or notice and cure period, if any, specified therein, unless and until instructed to do so in writing by the Bondholder Representative. The Trustee shall in such event exercise such rights and remedies as so instructed by the Bondholder Representative; provided that the Bondholder Representative shall have offered to the Trustee in writing indemnity reasonably satisfactory to the Trustee against the costs and expenses to be incurred by the Trustee in compliance with any such instructions, provided, however, such indemnity need not protect the Trustee against losses caused by the Trustee's negligence or willful misconduct.

Section 11.14. Waiver of Appraisement and Other Laws. (a) To the extent permitted by law, the Issuer 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 Indenture; and the Issuer, 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 Issuer, 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 Trust Estate marshaled upon any enforcement hereof.

(b) If any law in this Section referred to and now in force, of which the Issuer or its successor or successors might take advantage despite this Section, 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.

Section 11.15. Suits to Protect the Trust Estate. Subject to the provisions of Section 11.13, the Trustee, at the Written Direction of the Bondholder Representative, shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts that may be unlawful or in violation of this Indenture and to protect its interests and the interests of the Bondholders in the Trust Estate and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Bondholders or the Trustee.

Section 11.16. 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 Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Section 11.17. Assumption of Obligations. In the event that the Trustee, the Bondholder Representative, the Bondholders or its respective 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 Loan Agreement, the Note, the Regulatory Agreement and any other Bond 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 Bond Documents.

ARTICLE XII

THE TRUSTEE

Section 12.1. Appointment of Trustee; Acceptance. The Issuer hereby appoints U.S. Bank National Association, as Trustee hereunder. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing this Indenture.

Section 12.2. Certain Duties and Responsibilities of Trustee. (a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(b) If an Event of Default exists, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and subject to subsection (c)(iii), use the same degree of care and skill in their exercise, as a prudent corporate trust officer would exercise or use under the circumstances in the conduct of corporate trust business.

(c) No provision of this Indenture shall be construed to relieve the Trustee 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 Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

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

(iv) No provision of this Indenture shall require the Trustee 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.

(d) Subject to its rights to indemnification pursuant to Section 12.4, the Trustee is directed to enter into the Loan Documents to which it is a party and other related documents, solely in its capacity as Trustee.

(e) Whether or not therein expressly so provided, every provision of this Indenture and the other Bond Documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

(f) The Trustee 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 Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

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

(h) The rights of the Trustee and limitations of liability enumerated herein and in Section 12.4 shall extend to actions taken or omitted in its role as assignee of the Issuer under the Loan Agreement and the other Bond Documents.

Section 12.3. Notice of Defaults. Upon the occurrence of any Event of Default hereunder and provided that a responsible officer of the Trustee is aware of or has received Written Notice of the existence of such default, promptly, and in any event within fifteen (15) days, with respect to the Issuer, the Borrower, the Servicer, the Bondholder Representative and within thirty (30) days with respect to any other Bondholder, the Trustee shall transmit to the Issuer, the Bondholder Representative, the Borrower, the Investor Limited Partner and the Servicer in the manner and at the addresses for notices set forth in Section 15.1 and by mail to the Bondholders as their names and addresses appear in the Bond Register, notice of such Event of Default hereunder known to the Trustee pursuant to Section 12.3, unless such Event of Default shall have been cured or waived.

Section 12.4. Certain Rights of Trustee. Except as otherwise provided in Section 12.1:

(a) The Trustee 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, 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 Issuer mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Issuer Representative;

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Written Certificate of the Issuer or the Borrower, as appropriate;

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of the Bondholder Representative, pursuant to this Indenture, unless the Bondholder Representative shall have offered to the Trustee in writing security or indemnity reasonably satisfactory to the Trustee 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 Trustee of its obligations under Article VIII and Section 11.3;

(e) The Trustee 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, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Issuer, 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 Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and pay reasonable compensation thereto and the Trustee 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 Trustee may act upon the advice of counsel of its choice concerning all matters of the trusts hereof and the Trustee 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 Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except for events of default specified in subsections (a) or (b) of Section 11.2, unless a responsible officer of the Trustee shall be specifically notified by a Written Direction of such default or Event of Default by the Issuer, the Bondholder Representative or by any other Bondholder, and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered in writing to a responsible officer of the Trustee at the Office of the Trustee, and in the absence of such Written Notice so delivered the Trustee may conclusively assume there is no default or Event of Default as aforesaid.

Section 12.5. Not Responsible for Recitals. The recitals contained herein and in the Bonds, except the certificate of authentication on the Bonds, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds.

The Trustee 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 issuance of the Bonds or any Secondary Market Transaction.

The Trustee shall not be required to monitor the financial condition of the Borrower or the physical condition of the Project. Unless otherwise expressly provided, the Trustee 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, Bondholders and such other parties to whom the Trustee may provide such information pursuant to this Indenture.

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

Section 12.6. May Hold Bonds. The Trustee in its individual or any other capacity may become the Owner or pledgee of the Bonds and may otherwise deal with the Issuer and the Borrower with the same rights it would have if it were not Trustee.

Section 12.7. Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise provided in Article IX hereof.

Section 12.8. Compensation and Reimbursement. Under the Loan Agreement, the Borrower has agreed to, except as otherwise expressly provided herein, reimburse the Trustee as provided in this Indenture or the Loan Agreement, upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (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 Trustee's negligence or willful misconduct, both as finally adjudicated by a court of law.

When the Trustee 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 Issuer has no obligation to pay the Trustee for services rendered except from moneys on deposit in the Expense Fund.

(b) As security for the performance of the obligations of the Borrower under this Section and for the payment of such compensation, expenses, reimbursements and indemnity, the Trustee shall have the right to use and apply any moneys held by it as part of the Trust Estate, subject to the provisions of Section 11.5.

(c) The Trustee's rights to compensation and reimbursement shall survive its resignation or removal, the payment of the Bonds or release of this Indenture.

Section 12.9. Trustee Required; Eligibility. Any successor Trustee 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 and either (a) have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition, (b) be a wholly-owned subsidiary of a bank holding company, or a wholly-owned subsidiary of a company that is a wholly-owned subsidiary of a bank holding company, having a combined capital surplus of at least $50,000,000 as set forth in its most recent published annual report of condition, have at least $500,000,000 of trust assets under management and have a combined capital surplus of at least $2,000,000 as set forth in its most recent published annual report of condition, or (c) is otherwise acceptable to the Bondholder Representative in its sole and absolute discretion.

Section 12.10. Resignation and Removal; Appointment of Successor. (a) No resignation or removal of the Trustee hereunder and no appointment of a successor Trustee pursuant to this Article shall become effective until the written acceptance by the successor Trustee of such appointment.

(b) The Trustee may resign at any time by giving 60 days' Written Notice thereof to the Issuer, the Borrower and the Bondholder Representative. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time with 30 days' notice by (1) the Issuer, with the Written Consent of the Bondholder Representative, (2) the Borrower (unless the Borrower is in default under any of the Loan Documents), with the Written Consent of the Bondholder Representative and the Issuer, or (3) the Bondholder Representative by Written Notice delivered to the Trustee, the Issuer and the Borrower.

(d) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, the Issuer shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate 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

Trustee shall be so appointed by the Issuer. If, within 60 days after such resignation, removal or incapability or the occurrence of such vacancy, the Issuer has failed to so appoint a successor Trustee, then a successor Trustee shall be appointed by the Bondholder Representative with Written Notice thereof delivered to the Issuer, the Borrower and the retiring Trustee, and the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by such receiver or Trustee. If no successor Trustee shall have been appointed by the Issuer or the Bondholder Representative and accepted appointment in the manner hereinafter provided, any Bondholder or retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) The retiring Trustee shall cause Written Notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to be mailed by first-class mail, postage prepaid, to the Bondholders as their names and addresses appear in the Bond Register. Each notice shall include the name of the successor Trustee and the address of the office of the successor Trustee.

Section 12.11. Acceptance of Appointment by Successor. (a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; notwithstanding the foregoing, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

(b) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article, to the extent operative.

Section 12.12. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee 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 Trustee shall cause Written Notice of such succession to be delivered to the Bondholder Representative within 30 days of such succession. In case the Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated the Bonds.

Section 12.13. Requirements for Bondholder Consent and Instruction to the Trustee. Notwithstanding anything to the contrary contained herein or in any of the other Bond Documents, except the provisions of Article XIII hereof regarding the consent or approval of all Bondholders to any supplement or amendment to this Indenture, the Loan Agreement, the Note or to any of the other Bond Documents, the following provisions shall govern and control with respect to any consents, determinations, elections, approvals, waivers, acceptances, satisfactions or expression of opinion of or the taking of any discretionary act or the giving of any instructions or the taking of actions by the Bondholder Representative or the other Bondholders hereunder or under any of the other Bond Documents.

(a) The Issuer and Trustee acknowledge that, concurrently with the issuance of the Bond, the Bond Purchaser has designated the Person identified in the definition of "Bondholder Representative" as the initial Bondholder Representative. The Bondholder Representative shall have the authority to bind the Bondholders for all purposes hereunder and under each of the other Bond Documents, including, without limitation, for purposes of exercising the rights of the Bondholder Representative under Section 15.5. The Trustee shall be entitled to rely upon the acts of any such Bondholder Representative as binding upon the Bondholder Representative and the Bondholders.

(b) The Bondholder Representative shall continue to act in such capacity and the Trustee shall continue to rely on the actions of such Bondholder Representative for all purposes hereunder and under each of the Bond Documents until such time as the Holders of a Majority Share designate a new Bondholder Representative in writing.

Section 12.14. Appointment of Co-Trustee. It is the purpose of this Indenture 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 Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, the Loan Agreement or the Regulatory Agreement, and in particular in case of the enforcement of any of them on default, or in case the Trustee 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 Trustee 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 Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adopted to these ends.

The Trustee is hereby authorized to appoint an additional individual or institution as a separate or co-trustee hereunder, upon Written Notice to the Issuer and the Borrower and with the consent of the Issuer, the Bondholder Representative, if any, 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 Indenture, the Regulatory Agreement or the Loan Agreement to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee 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-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee appointed by the Trustee 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 Trustee, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a successor to such separate trustee or co-trustee.

Section 12.15. Loan Servicing. The Issuer and the Trustee acknowledge that the Bondholder Representative shall have the right to appoint the Servicer to service and administer the Loan as set forth in the Servicing Agreement. The Issuer and the Trustee shall not be responsible for monitoring the performance of the Servicer or for any acts or omissions of the Servicer. The Bondholder Representative may, in its sole discretion, terminate or replace the Servicer.

Section 12.16. Requests From Rating Agency. If the Bonds are at any time rated by a Rating Agency, the Trustee shall promptly, during such time, respond in writing, or in such other manner as may be reasonably requested, to requests from the Rating Agency for information deemed necessary by the Rating Agency in order to maintain the rating assigned thereby to the Bonds. The Trustee shall promptly furnish any such requested information in its possession to the Rating Agency. During any period the Bonds are rated by a nationally recognized Rating Agency, the Trustee shall provide to any such Rating Agency with Written Notice upon the occurrence of: (i) the resignation or removal of the Trustee; (ii) acceptance of appointment as successor Trustee hereunder; (iii) the redemption or Mandatory Tender and purchase of the Bonds; (iv) a material change in this Indenture or the Loan Agreement; (v) the expiration, termination, reduction, modification or amendment of the Credit Facility; (vi) the defeasance in whole of the Bonds; (vii) any conversion of Interest Rate Modes and (viii) any declaration by the Trustee of an acceleration of the payment of the principal of and interest on the Bonds pursuant to this Indenture. The Trustee shall also notify any Rating Agency of any material changes to any of the documents to which the Trustee is a party, upon its receipt of written notification of any such changes.

Section 12.17. No Recourse Against Officers or Employees of Trustee. No recourse with respect to any claim related to any obligation, duty or agreement contained in this Indenture or any other Bond Document shall be had against any officer or employee, as such, of the Trustee, it being expressly understood that the obligations, duties and agreements of the Trustee contained in this Indenture and the other Bond Documents are solely corporate in nature.

Section 12.18. Concerning the Remarketing Agent. Any Remarketing Agent shall be appointed by the Borrower with the consent of the Credit Facility Provider, if any, or the Bondholder Representative (to the extent there is no Credit Facility Provider), and shall meet the qualifications set forth in this Section and Section 12.19. The Remarketing Agent shall designate to the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Credit Facility Provider, if any, the Borrower and the Trustee. In addition, the Remarketing Agent will agree particularly to:

(a) compute the Weekly Interest Rate, Daily Interest Rate, Term Rate and Fixed Interest Rate, as applicable, and give notices of such computations to the Trustee on each applicable Interest Rate Determination Date, all in accordance with this Indenture; and

(b) keep such records relating to its computations of interest rates for the Bonds as shall be consistent with prudent industry practice and to make such records available for inspection by the Issuer, the Trustee, the Credit Facility Provider, if applicable, and the Borrower at all reasonable times.

The Remarketing Agent shall be entitled to advice of legal counsel on any matter relating to the Remarketing Agent's obligations hereunder and shall be entitled to act upon the opinion of such counsel in the exercise of reasonable care in fulfilling such obligations.

Section 12.19. Qualifications of Remarketing Agent. The Remarketing Agent shall be authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least thirty (30) days' notice of such resignation to the Issuer, the Borrower, the Bondholder Representative, the Credit Facility Provider, if any, and the Trustee. The Remarketing Agent may be removed at any time by the Borrower, with the written consent of the Credit Facility Provider, if any, or, in the absence of a Credit Facility, the Bondholder Representative, which consent shall not be unreasonably withheld. To effect such removal, the Authorized Borrower Representative shall give at least thirty (30) days' notice of such removal to the Remarketing Agent, the Issuer, the Credit Facility Provider, if any, the Bondholder Representative and the Trustee.

Upon any resignation of the Remarketing Agent, the departing Remarketing Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Remarketing Agent shall resign, or be removed or dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Borrower shall not have appointed a successor Remarketing Agent, the Trustee, notwithstanding the provisions of the first paragraph of this Section, shall ipso facto be deemed to be the Remarketing Agent until the appointment by the Borrower of a successor Remarketing Agent; however, the Trustee shall not remarket the Bonds or fix the interest rate for the Bonds, but shall be required only to implement the purchase of the Bonds pursuant to a draw on the Credit Facility as provided for in Section 5.3.

The Trustee, within thirty (30) days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent, shall give notice thereof by registered or certified mail to the Rating Agency, if any, and to the registered Holders of the Bonds.

With respect to the Remarketing Agent, the term its "successors" shall include any entity to which its remarketing trading and sales activities are transferred.

Section 12.20. Tender Agent. (a) The Trustee, with the written consent of the Bondholder Representative, shall appoint the Tender Agent for the Bonds, subject to the conditions set forth in Section 12.21. The Trustee shall initially serve as the Tender Agent. The Tender Agent shall designate to the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Credit Facility Provider, if any, and the Trustee under which the Tender Agent acknowledges its qualifications and authority to act as Tender Agent under this Indenture and agrees, particularly, as follows:

(1) The Tender Agent shall, upon receipt of a tender notice from any Bondholder (or DTC Participant, with respect to Bonds in "book entry only" form), give prompt telephonic notice thereof to the Trustee, the Credit Facility Provider, if any, and the Remarketing Agent, specifying the amount of Bonds to be purchased and the Bond Purchase Date, and shall, not later than the following Business Day, confirm such telephonic notice in writing and deliver to the Remarketing Agent, the Credit Facility Provider and the Trustee and the a copy of such tender notice.

(2) On each Bond Purchase Date, the Tender Agent shall give the Remarketing Agent, the Credit Facility Provider, if any, and the Trustee telephonic notice, confirmed in writing by the following Business Day, of the principal amount of Bonds delivered pursuant to Section 5.1.

(3) The Tender Agent shall hold the Bonds delivered to it pursuant to Section 5.1 in trust for the benefit of the respective Bondholders which shall have so delivered such Bonds until such Bonds are required by this Indenture to be delivered to the respective purchasers thereof.

(4) The Tender Agent shall cancel any Bonds for which it has received written notice of remarketing from the Remarketing Agent and shall authenticate a new Bond in a like aggregate principal amount in the names and in the denominations set forth in the written notice given to the Tender Agent by the Remarketing Agent pursuant to Section 5.1.

(5) The Tender Agent shall deliver Bonds to the purchasers thereof in accordance with Section 5.3 and shall establish the Bond Purchase Fund under Section 10.03. The Tender

Agent shall remit the Purchase Price of the tendered Bonds to the tendering Bondholders in accordance with Section 5.4.

(6) The Tender Agent shall deliver to the Trustee any tendered Bonds canceled.

(7) The Tender Agent shall keep such books and records as shall be consistent with prudent industry practice and shall make such books and records available for inspection by the Issuer, the Trustee and the Credit Facility Provider at all reasonable times.

(8) The Tender Agent shall send to the Trustee a copy of its transfer journal evidencing all changes in registration of the Bonds within two (2) days of making such changes.

(b) The Tender Agent shall pay to tendering Bondholders the Purchase Price of any Bonds for which it has received a Tender Notice and which have not been remarketed pursuant to Section 5.3, but solely from the sources listed in Section 5.4; and the Tender Agent shall pay to tendering Bondholders the Purchase Price of any Bond for which it has received a tender notice and which have been remarketed pursuant to Section 5.3, but solely from amounts received from the Remarketing Agent.

Section 12.21. Qualifications of Tender Agent. (a) The Tender Agent shall be a commercial bank, national banking association or trust company with a principal office, or with an affiliate with an office, in New York, New York; provided, however, that the Tender Agent, or an affiliate, shall only be required to have an office in New York, New York when the Bonds are physical, having a capitalization of at least $10,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture; provided that, in any event, the Trustee may serve as the Tender Agent so long as the Bonds are in “book entry only” form. The Tender Agent shall be an affiliate of the Trustee (unless the Tender Agent is the Trustee), unless the Trustee has no affiliate meeting the requirements of the first sentence of this Section, in which case the selection of the Tender Agent shall be an entity appointed by the Trustee with the written consent of the Credit Facility provider and the Borrower.

(b) The Tender Agent may at any time resign and be discharged by giving at least sixty (60) days’ notice to the Trustee, the Issuer, the Borrower, the Credit Facility Provider, if any, and the Bondholder Representative. The Tender Agent may be removed at any time, with the written consent of the Credit Facility Provider, if any, or in the absence of a Credit Facility, the Bondholder Representative, by an instrument signed by the Trustee and filed with the Tender Agent, the Remarketing Agent and the Issuer.

(c) In the event of the resignation or removal of the Tender Agent, the Tender Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity, and shall deliver all books and records relating thereto, to its successor or, if there be no successor, to the Trustee.

(d) In the event that the Trustee shall fail to appoint a Tender Agent hereunder, or in the event that the Tender Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Tender Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Trustee shall not have appointed its successor as Tender Agent, the Trustee, notwithstanding the provisions of the first paragraph of this Section 12.20, shall be deemed to be the Tender Agent for all purposes of this Indenture until the appointment by the Trustee of the Tender Agent or a successor Tender Agent, as the case may be, notwithstanding the fact that the Trustee may not meet the qualifications set forth in the first paragraph of this Section 12.20.

(e) Insofar as such provisions may be applicable, the Tender Agent shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in Sections 12.1 and 12.4

with respect to the Trustee. The Tender Agent shall perform such duties, and only such duties, as are specifically set forth in this Indenture and the Loan Agreement and no implied covenants shall be read into this Indenture or the Loan Agreement against the Tender Agent.

Section 12.22. Compliance with Americans with Disabilities Act. The Trustee shall be in full compliance with all federal and state laws, including those of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L. 110-325 and all subsequent amendments (the "ADA"). Under the ADA, the Trustee shall provide for reasonable accommodations to allow qualified individuals access to and participation in their programs, services and activities in accordance with the ADA. In addition, the Trustee shall not discriminate against individuals with disabilities nor against persons due to their relationship or association with a person with a disability. Any subcontract entered into by the Trustee, relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

ARTICLE XIII

SUPPLEMENTAL INDENTURES; AMENDMENT OF LOAN AGREEMENT AND BOND DOCUMENTS

Section 13.1. Supplemental Trust Indentures Without Bondholders Consent. The Issuer and the Trustee from time to time may enter into a Supplemental Indenture, without the consent of any Bondholders, but with the consent of the Bondholder Representative and the Borrower (to the extent such Supplemental Indenture materially affects the rights, duties, obligations or other interests of the Borrower and provided that if the Borrower is in default under the Bond Documents or the documents relating to the Loan, no Borrower consent shall be required unless such Supplemental Indenture has a material adverse effect on the rights, duties, obligations or other interests of the Borrower) as are necessary or desirable to:

(a) Cure any ambiguity or formal defect or omission or correct or supplement any provision herein that may be inconsistent with any other provision herein;

(b) Grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee;

(c) Amend any of the provisions of this Indenture to the extent required to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes;

(d) Add to the covenants and agreements of the Issuer in this Indenture other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer;

(e) Make any change herein that is required by any Rating Agency in order to obtain or maintain a rating by such Rating Agency on the Bonds;

(f) Amend, alter, modify or supplement this Indenture in a manner necessary or desirable in connection with either the use or maintenance of the Book-Entry System for the Bonds, or the issuance of certificated Bonds following the termination of the Book-Entry System for the Bonds;

(g) Make any other change, which is not materially adverse to the interests of the Bondholders;

(h) During a Daily Interest Rate Mode or a Weekly Interest Rate Mode, to modify, alter, amend or supplement this Indenture in any other respect, including amendments which would otherwise be described in Section 13.2, if notice of the proposed supplemental indenture is given to Bondholders (in the same manner as notices of redemption are given) at least fifteen (15) days before the effective date thereof and, on or before such effective date, the Bondholders have the right to demand purchase of their Bonds pursuant to Section 5.1;

(i) Modify, alter, amend or supplement this Indenture in connection with the delivery of any Credit Facility, or upon the occurrence of any Interest Rate Adjustment Date; or

(j) Implement or modify any secondary market disclosure requirements.

The Trustee will provide the Borrower with at least ten Business Days Written Notice of any proposed Supplemental Indenture. Immediately after the execution of any Supplemental Indenture for any of the purposes of this Section, the Trustee shall cause a notice of the proposed execution of such Supplemental Indenture to be mailed, postage prepaid, to the Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated Office of the Trustee for inspection by Bondholders. A failure on the part of the Trustee to mail the notice required by this Section shall not affect the validity of such Supplemental Indenture.

Section 13.2. Supplemental Trust Indentures With Bondholders' Consent. Except as otherwise provided in Section 13.1, subject to the terms and provisions contained in this Section and Section 13.3, the Bondholder Representative shall have the right, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee, of each Supplemental Indenture as shall be deemed necessary or desirable by the Issuer, the Borrower or the Bondholder Representative for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of the Bondholders of the Bonds affected by such Supplemental Indenture, (a) an extension in the payment of any Bond Obligation with respect to any Bonds issued hereunder, or (b) a reduction in any Bond Obligation payable under or with respect to any Bonds, or the rate of interest on any Bonds, or (c) the creation of a lien upon or pledge of the money or other assets pledged to the payment of the Bonds hereunder, or the release of any such assets from the lien of this Indenture, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture or to any amendment, change or modification to the Bond Documents as provided in this Article XIII, or (f) an extension or reduction in the payment of any other amount payable on or in connection with any Bonds issued hereunder. Nothing herein contained, however, shall be construed as making necessary the approval of Bondholders (other than the Bondholder Representative) of the execution of any Supplemental Indenture authorized in Section 13.1.

If at any time the Issuer or the Borrower shall request the Trustee to enter into a Supplemental Indenture for any of the purposes of this Section, the Trustee shall, at the expense of the Borrower, cause notice of the proposed execution of such Supplemental Indenture to be mailed, postage prepaid, to the Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated Office of the Trustee for inspection by Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholders by reason of its failure to mail the notice required by this Section 13.2, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of mailing of such notice, the Issuer delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Bondholder Representative which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon but not otherwise, the Trustee may, subject to the provisions of the first paragraph of this Section 13.2, execute such Supplemental Indenture in substantially such form.

Subject to the provisions of the first paragraph of this Section 13.2, if, at the time of the execution of such supplemental trust indenture, the Bondholder Representative shall have consented to and approved the execution thereof as herein provided, no Bondholder shall have any right to object to the execution of such supplemental trust indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

Section 13.3. Supplemental Indentures Part of Indenture. Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture, and all of the terms and conditions contained in any such Supplemental Indenture as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. This Indenture shall be, and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and Bondholders shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments. Express reference to any Supplemental Indenture may be made in the text of any Bond authenticated after the execution of such Supplemental Indenture, if deemed necessary or desirable by the Trustee.

Section 13.4. Discretion of Trustee to Execute Supplemental Indenture. Except in the case of a direction from the Bondholder Representative (unless the Trustee determines, in its reasonable discretion, that such Supplemental Indenture increases its duties or adversely affects its rights, privileges or indemnities), the Trustee shall not be under any responsibility or liability to the Issuer or to any Bondholder or to anyone whomsoever for its refusal in good faith to enter into any Supplemental Indenture if such Supplemental Indenture is deemed by it to be contrary to the provisions of this Article or if the Trustee has received an Opinion of Counsel that such Supplemental Indenture is contrary to law or materially adverse to the rights of the Bondholders.

Section 13.5. Consents and Opinions. Subject to Section 13.1, any Supplemental Indenture entered into under this Article XIII or any amendment, change or modification otherwise permitted under this Article XIII shall not become effective unless and until the Borrower and the Bondholder Representative shall have approved the same in writing, each in its sole discretion.

No Supplemental Indenture shall be effective until the Issuer, the Borrower, the Trustee, and the Bondholder Representative shall have received, at the expense of the Borrower, a Bond Counsel No Adverse Effect Opinion and an Opinion of Counsel to the effect that any such proposed supplement or amendment complies with the provisions of this Indenture.

The Trustee shall not be under any responsibility or liability to the Issuer or to any Bondholder or to anyone whomsoever for its refusal in good faith to enter into any supplement or amendment as provided in this Section if such supplement or amendment is deemed by it to be contrary to the provisions of this Article or if the Trustee has received an Opinion of Counsel that such supplement or amendment is contrary to law or materially adverse to the rights of the Bondholders of the Bonds or the liabilities or indemnities of the Trustee.

Section 13.6. Notation of Modification on Bonds; Preparation of New Bonds. Any Bonds authenticated and delivered after the execution of any Supplemental Indenture pursuant to the provisions of this Article may bear a notation, in form approved by the Trustee and the Issuer, as to any matter provided for in such Supplemental Indenture, and if such Supplemental Indenture shall so provide, new Bonds, so modified as to conform, in the opinion of the Trustee and the Issuer, to any modification of this Indenture contained in any such Supplemental Indenture, may be prepared by the Issuer, at the expense of the Borrower, authenticated by the Trustee and delivered without cost to the Bondholders of the Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

Section 13.7. Amendments to Loan Agreement and Bond Documents Not Requiring Consent of Bondholders. The Issuer shall not consent to any amendment, change or modification of the Loan Agreement or any other Bond Document (other than this Indenture) without the prior Written Consent of the Trustee, the Borrower and the Bondholder Representative. The Issuer, the Bondholder Representative and the Trustee may, without the consent of or notice to any other Bondholders, but only with the consent of the Borrower, consent to any amendment, change or modification of any of the above-mentioned documents as are necessary or desirable to:

(a) Cure any ambiguity or formal defect or omission, correct or supplement any provision therein;

(b) Grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee;

(c) Amend any of the provisions therein to the extent required to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes;

(d) Add to the covenants and agreements of the Issuer therein other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power therein reserved to or conferred upon the Issuer;

(e) Make any change that is required by any Rating Agency in order to obtain or maintain a rating by such Rating Agency on the Bonds;

(f) Amend, alter, modify or supplement such document in a manner required in connection with either the use or maintenance of the Book-Entry System for the Bonds, or the issuance of certificated Bonds following the termination of the Book-Entry System for the Bonds;

(g) Make any other change, which is not materially adverse to the interests of the Bondholders of the Bonds;

(h) During a Daily Interest Rate Mode or a Weekly Interest Rate Mode, to modify, alter, amend or supplement the Loan Agreement in any other respect including amendments which would otherwise be described in Section 13.8, if notice of the proposed amendments is given to Bondholders (in the same manner as notices of redemption are given) at least fifteen (15) days before the effective date thereof and, on or before such effective date, the Bondholders have the right to demand purchase of their Bond pursuant to Section 5.1; or

(i) To modify, alter, amend or supplement the Loan Agreement in connection with the delivery of a Credit Facility to the extent such modification, alteration, amendment or supplement will not materially adversely affect the interest of the Bondholders, or upon the occurrence of any Interest Rate Adjustment Date.

Section 13.8. Amendments to Loan Agreement and Bond Documents Requiring Consent of Bondholders. Except for the amendments, changes or modifications corresponding to those provided in Section 13.7, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement or the other Bond Documents (other than this Indenture) without the consent of the Bondholder Representative; provided, however, that nothing herein shall permit or be construed as permitting, without the consent of the Bondholders of all of the Bonds, (a) an extension of the time of payment of any amounts payable under the Note, the Loan Agreement or the Bonds, or (b) a reduction in the amount of any payment to be made with respect to the Note, the Loan Agreement, or the Bonds, or the rate of interest on the Note or any Bonds, or (c) the creation of a lien upon or pledge of the money or other assets pledged to the payment of the Note, Loan Agreement or the Bonds hereunder, or the release of any such assets from the lien of this Indenture, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to any such amendment, change or modification as provided herein, or (f) an extension or reduction in the payment of any other amount payable on or in connection with the Note, the Loan Agreement or any Bonds issued hereunder. If at any time the Issuer or the Borrower requests consent to any such proposed amendment, change or modification of any of such documents, other than an amendment, change, or modification permitted by Section 13.7, the Trustee shall, at the expense of the Borrower, cause notice of such proposed amendment, change or modification to be mailed, postage prepaid, to Bondholders. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the amendment to such document embodying the same are on file at the designated Office of the Trustee for inspection by Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholders by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplement or amendment to such document when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of mailing such notice, the Issuer delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Bondholder Representative which instrument or instruments shall refer to the proposed amendment or supplement to the document described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon but not otherwise, the Issuer and/or the Trustee may execute such amendment in substantially the form on file as provided above, without liability or responsibility to any Bondholder of any Bonds, whether or not such Bondholder has consented thereto.

Section 13.9. Amendments to the Credit Facility. The Trustee may, without the consent of, or notice to, any of the Bondholders enter into any amendment, change or modification of the Credit Facility (a) as may be required by the provisions of the Credit Facility, (b) to cure any formal defect, omission, inconsistency or ambiguity in the Credit Facility, (c) in any manner which is not prejudicial to the interests of the Bondholders (which shall be conclusively evidenced by an Opinion of Counsel delivered to the Trustee, the Issuer and the Credit Facility Provider or by a written confirmation from the Rating Agency of the then existing rating on the Bonds delivered to the Trustee, the Issuer and the Credit Facility Provider) or (d) as required by the Rating Agency to maintain the then current rating on the Bonds.

ARTICLE XIV

DEFEASANCE

Section 14.1. Satisfaction and Discharge of Indenture. Whenever all Bond Obligations have been fully paid and the Bonds are no longer outstanding, and all fees, costs and expenses due and payable hereunder and under the other Bond Documents have been paid in full, then (a) this Indenture and the lien, rights and interests created hereby shall cease, determine and become null and void (except as to any surviving rights of transfer or exchange of the Bonds herein or therein provided for) and (b) the Trustee shall execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver all cash and securities then held by it hereunder as a part of the Trust Estate in accordance with Section 8.12 hereof.

Section 14.2. Trust for Payment of Debt Service. (a) The Issuer shall, at the Written Request of the Borrower, on any date provide for the payment of the Bonds by establishing an escrow (at the sole expense of the Borrower) for such purpose with the Trustee and depositing therein cash and/or Government Obligations that (assuming the due and punctual payment of the principal of and interest on such Government Obligations, or, in connection with a defeasance for a period of no more than 35 days, Permitted Investments described in clause (h) of the definition thereof or otherwise approved in writing by the Bondholder Representative (the "Special Defeasance Obligations"), but without reinvestment) will provide funds sufficient to pay the principal, premium, if any, and interest on the Bonds at the Defeasance Rate which may apply to the Bonds as the same become due and payable until the maturity or redemption of the Bonds; provided, however, that

(i) Such Government Obligations or Special Defeasance Obligations must not be subject to redemption prior to their respective maturities at the option of the Issuer of such Government Obligations or Special Defeasance Obligations;

(ii) If the Bonds are to be redeemed prior to their maturity, either (1) the Trustee shall receive evidence that irrevocable written notice of such redemption has been given in accordance with the provisions of this Indenture and the Bonds or (2) the Issuer shall confer on the Trustee irrevocable written authority for the giving of such notice on behalf of the Issuer;

(iii) Prior to the establishment of such escrow the Issuer, the Trustee and the Bondholder Representative must receive (1) an Opinion of Counsel stating in effect that upon the occurrence of an Act of Bankruptcy of the Borrower, its Borrower Controlling Entity or any Guarantor, money and investments in such trust will not be recoverable from the Trustee or the Bondholders under provisions of the Bankruptcy Code relating to voidable preferences and (2) an Bond Counsel No Adverse Effect Opinion; and

(b) Except in the case of a gross-funded cash defeasance, prior to the establishment of such escrow, the Trustee must receive a report by an independent certified public accountant stating in effect that the principal and interest payments on the Government Obligations in such escrow, without reinvestment, together with the cash initially deposited therein, will be sufficient to make the required payments from such trust.

Notwithstanding subsection (a) above, if the Borrower deposits funds with the Trustee sufficient to effectuate an optional redemption of the Bonds pursuant to Section 6.1 one Business Day prior to the date on which the Bonds are to be redeemed, and all other fees, costs and expenses due and payable hereunder and under the other Bond Documents have been paid in full, then

(i) The Trustee shall hold such funds in trust for the benefit of Bondholders;

(ii) The conditions set forth in clauses (ii) - (iv) in subsection (a) above shall not apply; and

(iii) The Trustee shall release on such day any liens created by this Indenture and any collateral held in the Trust Estate for the benefit of Bondholders (other than such deposited funds) including, but not limited to, the Mortgage, pursuant to the provisions of Section 14.1.

(c) Cash and/or Government Obligations or Special Defeasance Obligations deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate, irrevocable trust fund for the benefit of the Bondholders to be paid from such fund. Such cash and the principal and interest payable on such Government Obligations or Special Defeasance Obligations shall be applied by the Trustee first to the payment of Bond principal, premium, if any, and interest on the Bonds and any other amounts due under this Indenture; any amounts not needed for such purpose shall be remitted to the Borrower.

(d) The obligations hereunder relating to paying agent, registrar and transfer agent functions and the provisions of Section 8.8 and Article XII shall survive defeasance.

Section 14.3. Special Defeasance. The provisions of Section 14.2(a)(iii) and (iv) above shall not apply to any defeasance when:

(a) Ten (10) Business Days prior to the date set for redemption of the Bonds, the Borrower gives Written Notice to the Issuer, the Trustee and the Bondholder Representative of its intention to prepay the Note and redeem the Bonds on a date ten (10) Business Days after the filing of such Written Notice;

(b) The Borrower deposits with the Trustee on the date seven (7) Business Days prior to the date fixed for redemption sufficient funds, to which may be invested only in Special Defeasance Obligations, in an amount sufficient, without need for reinvestment, to pay the Redemption Price of the Bonds and all other amounts due and owing under this Indenture on the date fixed for redemption; and

(c) At the time the Borrower deposits the funds described in subparagraph (ii) above, the Borrower instructs the Trustee to give irrevocable notice of redemption of the Bonds on the Redemption Date.

ARTICLE XV

MISCELLANEOUS

Section 15.1. Notices. (a) All notices, demands, requests and other communications required or permitted to be given by any provision of this Indenture 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 Issuer:	The Housing Authority of the County of Los Angeles 700 West Main Street Alhambra, CA 91801-3312 Attention: Pat Case and Jewel Warren-Reed Facsimile: (626) 943-3818
To the Trustee or Tender Agent (if by mail):	 U.S. Bank Corporate Trust Services P.O. Box 64111 St. Paul, MN 55164-0111 Attention: [ ] Facsimile: [ ]
(if by Hand or Overnight Mail):	U.S. Bank Corporate Trust Services 60 Livingston Avenue 1st Floor – Bond Drop Window St. Paul, MN 55107 Attention: [ ] Facsimile: [ ]
If to the Borrower:	Villa Nueva RHCP, LP Los Angeles County Housing Development Corporation ℅ The Housing Authority of the County of Los Angeles 700 West Main Street Alhambra, CA 91801-3312 Attention: Carolina Romo Facsimile: (626) 943-3816
with a copy to:	Bocarsly Emden Cowan Esmail & Arndt LLP 633 West Fifth Street, 70th Floor Los Angeles, CA 90071 Attention: Robert Cowan Facsimile: (213) 947-4144)
to the Investor Limited Partner	Alliant Asset Management Company, LLC ℅ Alliant Capital, Ltd. 340 Royal Poinciana Way, Suite 305 Palm Beach, FL 33480 Attention: Brian Goldberg Facsimile: (561) 833-3694
with a copy to:	Alliant Asset Management Company, LLC 21600 Oxnard Street, Suite 1200 Woodland Hills, CA 91367 Attention: Tony Palaigos, Esq. Facsimile: (818) 668-2828

If to the Bondholder	Citibank, N.A. ℅ Citi Community Capital Transaction Management Group 390 Greenwich Street, 2nd Floor New York, NY 10013 Attention: Desk Head Deal #[________] Facsimile: (212) 723-8939
	and
	Citibank, N.A. ℅ Citi Community Capital Municipal Securities Division 325 East Hillcrest Drive, Suite 160 Thousand Oaks, CA 91360 Attention: Operations Manager/Asset Management Deal #[_________] Facsimile: (805) 557-0924
With a copy to:	Citibank, N.A. 390 Greenwich Street, 2nd Floor New York, NY 10013 Attention: Account Specialist Deal #[______] Facsimile: (212) 723-8209
And a copy of any notices of default sent to:	Citigroup, Inc. Citi Community Capital Municipal Securities Division 388 Greenwich Street New York, NY 10013 Attention: General Counsel’s Office Deal #[_____] Facsimile: (212) 723-8939
If to the Servicer:	Citibank, N.A. ℅ Berkadia Commercial Mortgage, LLC 118 Welsh Road Post Office Box 809 Horsham, PA 19044 Attention: Servicing-Account Manager Telephone: 215-328-3866 Facsimile: 215-328-3478

Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes under this Indenture: (i) three (3) 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; and provided further, that notices to the Trustee shall not be deemed to be given until actually received by the Trustee. Any facsimile signature by a Person on a document, notice, demand, request or communication required or permitted by this Indenture shall constitute a legal, valid and binding execution thereof by such Person.

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

(b) Where this Indenture provides for giving of notice to the Trustee, such notice shall also be given to the Bondholder Representative and the Servicer. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided, shall not be treated as a failure to give the primary notice or affect the validity thereof or the effectiveness of any action taken pursuant thereto. Any notice required by this Indenture to be delivered by the Issuer shall be delivered by it to the Trustee, which shall be responsible for delivering it to the other parties entitled to receive such notice. If such notice is timely provided by the Issuer to the Trustee, it shall be deemed to be timely given to all parties entitled to receive such notice.

Section 15.2. Notice to Bondholders; Waiver. (a) Where this Indenture provides for giving of notice to the Bondholders of any event, such notice must (unless otherwise herein expressly provided) be in writing and mailed, first-class postage prepaid, to the Bondholders, at the addresses of the Bondholders as they appear in the Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice.

(b) Where this Indenture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 15.3. Successors and Assigns. All covenants and agreements in this Indenture by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 15.4. Benefits of Indenture. Nothing in this Indenture or in the Bond, expressed or implied, shall give to any person, other than the parties hereto and their successors hereunder, the Bondholders, the Bondholder Representative or the Borrower, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 15.5. Bondholder Representative; Trustee's, Credit Facility Provider's and Servicer's Consents. (a) The entity designated in the definition of "Bondholder Representative" hereto shall be the initial Bondholder Representative. The Bondholder Representative may provide written notice to the Trustee designating particular individuals authorized to execute any consent, waiver, approval, direction or other instrument on behalf of the Bondholder Representative, and such notice may be amended or rescinded by the Bondholder Representative at any time. The Bondholder Representative may be removed and a successor appointed by a Written Notice given by the Holders of a Majority Share to the Trustee and the Borrower. The removal and reappointment shall be effective immediately upon receipt of such notice by the Trustee. The Holders of a Majority Share may appoint any Person to act as Bondholder Representative, including, without limitation, the Servicer. If, for any reason, no Bondholder Representative shall then be appointed, all references to Bondholder Representative herein and in the other Bond Documents shall be deemed to refer to the Holders of a Majority Share. If an Event of Dissolution occurs and there is no Holder of a Majority Share, the Bondholder Representative shall be Citibank, N.A.

(b) In the event that for any reason, no Credit Facility Provider shall then exist, all references to Credit Facility Provider herein shall be treated as if null and void and of no effect.

(c) Whenever pursuant to this Indenture or any other Bond Document, the Bondholder Representative or the Credit Facility Provider, if any, exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Bondholder Representative or the Credit Facility Provider, if any, the decision of the Bondholder Representative or the Credit Facility Provider, if any, to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein or therein provided) be in the sole discretion of the Bondholder Representative or the Credit Facility Provider and shall be final and conclusive.

Whenever this Indenture or any Bond Document requires the consent, determination, election, approval, waiver, acceptance, satisfaction or expression of opinion of, or the taking of any discretionary act by, the Trustee (as expressly provided or as assignee of the Issuer) or the Servicer (all of the foregoing being referred to as "Consent" in this Section 15.5), (i) the right, power, privilege and option of the Trustee to withhold or grant its Consent shall be deemed to be the right, power, privilege and option of the Bondholder Representative to withhold or grant such Consent, and the Trustee shall have no responsibility for any action or inaction with respect thereto, except as may be otherwise set forth in this Indenture, (ii) the right, power, privilege and options of the Servicer to withhold or grant its Consent may, in the Bondholder Representative's discretion with respect to any individual Consent, be deemed to be the right, power, privilege and option of the Bondholder Representative to withhold or grant such Consent and, in such event, the Servicer shall have no responsibility for any action or inaction with respect thereto, except as may be otherwise set forth in this Indenture, and (iii) the right, power, privilege and options of the Trustee, Bondholder Representative and the Servicer to withhold or grant their Consent may, in the Credit Facility Provider's (if any) discretion with respect to any individual Consent, be deemed to be the right, power, privilege and option of the Credit Facility Provider (if any) to withhold or grant such Consent and, in such event, the Trustee, the Servicer, and the Bondholder Representative shall have no responsibility for any action or inaction with respect thereto, except as may be otherwise set forth in this Indenture. The Trustee and the Servicer shall not grant or withhold any Consent until it has obtained the consent of the Bondholder Representative or the Credit Facility Provider, if applicable, and the Trustee and the Servicer shall grant or withhold any Consent as so directed by the Bondholder Representative.

(d) The Bondholder Representative and the Credit Facility Provider, if any, are third party beneficiaries hereof, and accordingly will be entitled to rely on the rights granted to them herein. No implied covenants, fiduciary duties or other Liabilities shall attach to the Bondholder Representative.

Section 15.6. Proof of Execution of Writings and Ownership. Any instrument provided in this Indenture to be signed or executed by the Registered Owners of all or any portion of the Bonds may be in any number of writings of similar tenor and may be signed or executed by such Registered Owners in person or by their duly authorized representatives. Proof of the execution of any such instrument, or of the writing appointing any such agent, or of the ownership of any Bonds, shall be sufficient for any of the purposes of this Indenture and shall be conclusive in favor of the Issuer and the Trustee with respect to any actions taken by either under such instruments if:

(a) The fact and date of the execution by any person of any such instrument is proved by (i) a certificate of any officer of any jurisdiction who by law has power to take acknowledgments of deeds within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or (ii) an affidavit of a witness of such execution; and

(b) The ownership of any Bonds is proved by the registration books kept by the Bond Registrar.

Section 15.7. Legal Holidays. In any case in which the date of payment of any Bond Obligation or the date on which any other act is to be performed pursuant to this Indenture shall be a day that is not a Business Day, then payment of such Bond Obligation 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 redemption or the date fixed for such act, and no additional interest shall accrue for the period after such date and prior to the date of payment.

Section 15.8. Governing Law. This Indenture shall be governed by and shall be enforceable in accordance with the laws of the State.

Section 15.9. Severability. If any provision of this Indenture 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 Bonds or in this Indenture 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 Issuer or the Trustee only to the full extent permitted by law.

Section 15.10. Execution in Several Counterparts. This Indenture 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 15.11. Nonrecourse Obligation of the Borrower. Except as otherwise provided in the Loan Agreement, the obligations of the Borrower under this Indenture are without recourse to the Borrower or to the Borrower's partners, and the provisions of Section 10.1 of the Loan Agreement are by this reference incorporated herein.

Section 15.12. Preservation and Inspection of Documents; Electronic Transactions. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession so long as there are any Bonds Outstanding and for six years thereafter and shall be subject at all reasonable times and upon reasonable prior notice to the inspection of the Issuer, any other Trustee, the Bondholder Representative and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

The transactions described in this Indenture may be conducted and 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 15.13. Waiver of Personal Liability. No recourse under or upon any obligation, covenant, warranty or agreement contained in this Indenture or in the Bonds, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of this Indenture, shall be had against the commissioners, officers, agents or employees of the Issuer, as such, past, present or future of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver of the Issuer, or for or to the owners of the Bonds, or otherwise, of any sum that may be due and unpaid by the Issuer or its governing body upon the Bonds. 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 Issuer's commissioners, officer, agent or employee, as such, past, present or future of the Issuer by reason of any act or omission on his or her part or otherwise, for the payment for or to the owners of the Bonds or otherwise of any sum that may remain due and unpaid upon the Bonds secured by this Indenture or any of them is, by the acceptance of the Bonds, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds. Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee or any Bondholder as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Indenture to perform any recordkeeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee or by any Bondholder and (c) none of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action. No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bonds or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of any Bonds shall be had against any officer, member, agent or employee of the Issuer, as such, all such liability being expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the issuance of the Bonds. No covenant, stipulation, obligation or agreement of the Issuer contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer in other than that person's official capacity. No member, officer, agent or employee of the Issuer shall be individually or personally liable for the payment of the principal or redemption price of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

ARTICLE XVI

SUBORDINATE BONDS

Section 16.1. Conversion Between Senior Bonds and Subordinate Bonds. (a) Senior Bonds shall be converted to Subordinate Bonds to the extent Senior Bonds are purchased in lieu of redemption pursuant to Section 6.11 and Subordinate Bonds shall be converted to Senior Bonds upon the election of the Bondholder Representative in its sole discretion transmitted in writing in the form attached as Exhibit F to the Trustee.

(b) In connection with such conversion, the Registered Holder of a Senior Bond shall transmit the definitive Senior Bonds or Subordinate Bonds, as applicable, to the Trustee which shall then cancel such Senior Bonds or Subordinate Bonds, as applicable, and authenticate Senior Bonds or Subordinate Bonds, as applicable, in the amounts stipulated in Written Direction provided to the Trustee by the Bondholder Representative in the form attached as Exhibit F.

(c) Subordinate Bonds shall be subject and subordinate in all respects to the Bonds (other than Subordinate Bonds) and the Loan (including payments, if any, under the Note in respect of the Bonds other than Subordinate Bonds) and to all terms, covenants, conditions and liens of the Bond Documents affecting the Bonds (other than Subordinate Bonds) and/or the Loan and the Loan Agreement. Payment of the indebtedness evidenced by the Subordinate Bonds is and shall be subject and subordinate in all respects, including in respect of the right to payment, to the prior payment in full of all amounts due and payable in respect of the (i) Bonds (other than Subordinate Bonds), and (ii) the Loan (including payments under the Note in respect of Bonds other than Subordinate Bonds). The owners of Subordinate Bonds expressly subject and subordinate all of their right, title and interest in and to the Subordinate Bonds in all respects to (1) the Trust Estate, (2) the payment in full of the Bonds other than the Subordinate Bonds, (3) the payment in full of the Loan, and (4) the liens of the Mortgage and of the Trust Estate. In addition, notwithstanding anything contained in this Indenture, the Loan Agreement, the Note or the Mortgage to the contrary, the Issuer and the Holders of the Subordinate Bonds agree, and the Trustee acknowledges, that:

(i) The sole source of funds available to the Issuer for the payment of the principal of, premium, if any, and interest on, the Subordinate Bonds shall be the payments, if any, made by the Borrower under the Note in respect of the Subordinate Bonds, which payments, if any, may be made only out of, and to the extent of, excess cash flow (as defined in Section 16.1(f));

(ii) Payments, if any, of the principal of, and interest on, the Note in respect of the Subordinate Bonds may be made only after all current and past due obligations (A) in respect of the Bonds (other than the Subordinate Bonds) and the Loan (including payments under the Note in respect of Bonds other than the Subordinate Bonds), (B) under the Loan Agreement, and (C) under any Swap Agreement, have been paid in full;

(iii) The obligation of the Borrower to make payments, if any, on the Note in respect of the Subordinate Bonds is and shall be subject and subordinate in all respects to the obligations of the Borrower to pay all amounts due (A) in respect of the Bonds (other than the Subordinate Bonds) and the Loan (including payments under the Note in respect of the Bonds other than Subordinate Bonds), whether under the Bond Documents or otherwise, (B) under the Loan Agreement, and (C) under any Swap Agreement;

(iv) So long as any amounts remain currently due and owing (A) in respect of the Bonds (other than the Subordinate Bonds) and the Loan, whether under the Bond Documents or otherwise, (B) under the Loan Agreement, or (C) under any Swap Agreement (as confirmed in the latter case by the Servicer), the Trustee shall not be entitled to make any payment in respect of the Subordinate Bonds, notwithstanding a default or any arrearage in the payment of any amounts owing under or with respect to any Subordinate Bond; and

(v) Unpaid interest on the Subordinate Bonds stemming from insufficient Excess Cash Flow shall not accrue and shall be deemed canceled.

Failure to make any payment in respect of the Subordinate Bonds shall not constitute an Event of Default. The occurrence of any default with respect to the Bonds (other than the Subordinate Bonds) or the Loan or under this Indenture or the Loan Agreement with respect to the Bonds (other than the Subordinate Bonds) or to the Loan shall constitute a default under this Indenture or the Loan Agreement with respect to the Subordinate Bonds.

(d) The Trustee shall not, after the Trustee receives a Default Notice (as defined in Section 16.1(f)) or otherwise acquires knowledge of a default or an Event of Default by the Borrower with respect to the Bonds (other than the Subordinate Bonds), the Loan or under any Bond Document, make any payments in respect of the Subordinate Bonds unless and until such default or Event of Default has been cured or waived by the Bondholder Representative and the other Bondholders (other than the Holders of the Subordinate Bonds). Upon the occurrence of any Event of Default attributable to any default or Event of Default (under and as defined in any Bond Document), the Subordinate Bonds shall, at the Written Direction of the Trustee, be cancelled and deemed satisfied for all purposes.

(e) Bonds purchased in lieu of redemption pursuant to Section 6.9 which become Subordinate Bonds registered in the name of the Borrower or its designee shall, if they remain registered in the name of the Borrower or its designee, be cancelled by the Trustee in accordance with the provisions of Section 4.7 on the fifth (5th) anniversary date of the registration of such Bonds in the name of the Borrower or its designee.

(f) For purposes of this Section 16.1, the following terms shall have the meanings set forth below:

"Excess Cash Flow" means, for any period, the excess of the gross revenues generated by the Mortgaged Property from all sources for such period, excluding, however, the proceeds of casualty insurance (other than rent loss insurance), condemnation proceeds, capital contributions, loans or advances, rental income prepaid more than one month in advance and other unusual or extraordinary cash items the use and application of which is restricted or encumbered by the Loan Documents or any Swap Agreement over the sum of: (i) all debt service, including interest expense and the amortization of all principal coming due in respect of the Loan and the Bonds (other than the Subordinate Bonds) during such period (whether by maturity, mandatory sinking fund payment, redemption, acceleration or otherwise), and all debt service on subordinate debt encumbering the Mortgaged Property and permitted by the Bondholder Representative, provided that such subordinate debt is not payable solely out of excess available cash flow, (ii) all payments coming due from Borrower under any Swap Agreement during such period, (iii) operating, overhead, ownership and other expenditures (whether ordinary, capital or extraordinary expenditures (other than those paid from the proceeds of insurance or out of escrows or reserves to the extent not required to be replenished)), including, but not limited to, all direct and indirect costs, charges and expenses of owning, operating, maintaining and repairing the Mortgaged Property, further including, without limitation, insurance, taxes, assessments and other public charges and all expenditures (capital or otherwise) required for the proper maintenance of the Mortgaged Property in accordance with the Loan Documents (exclusive, at the option of the Borrower, of (A) payments made to affiliates in excess of market norms, (B) developer fees (however characterized) and (C) property management fees in excess of 4% of gross rent), (iv) all other obligations under the Loan Documents, including, but not limited to, the payment of all fees, costs and expenses and other expenditures (whether for capital expenditures, repairs or replacements (other than those paid from the proceeds of insurance or out of escrows or reserves to the extent not required to be replenished)), and the funding of any reserves or escrows required under the Loan Documents (including, but not limited to, replacement reserves, reserves for taxes, insurance, water and sewer charges and other similar impositions), operating reserves and interest rate hedge reserves, (v) all other obligations of the Borrower under any Swap Agreement (including, without limitation payments due upon early termination of any Swap Agreement) and the Bond Documents (other than in respect of the Subordinate Bonds), and (vi) all other amounts that the Borrower is required to pay or set aside pursuant to agreement, but excluding depreciation and amortization of intangibles.

"Default Notice" means a written notice from the Servicer or the Trustee to the Borrower stating that a Default or Event of Default by the Borrower has occurred with respect to the Bonds (other than the Subordinate Bonds), the Loan or under any Bond Document.

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Indenture to be duly executed as of the date first written above.

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

By: ____
Sean Rogan
Executive Director

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: __________________________________
Deputy

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ____________________________________
Authorized Signatory

EXHIBIT A

FORM OF BOND

EXCEPT AS EXPRESSLY PROVIDED IN THE INDENTURETHE TRUSTEE IS PROHIBITED FROM REGISTERING THE OWNERSHIP ORTRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OFTHE WRITTEN CONSENT OF THE ISSUER AND AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE INDENTURE DESCRIBED HEREIN.

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES
MULTIFAMILY HOUSING REVENUE BONDS
(VILLA NUEVA RHCP APARTMENTS)
2014 Series B

No. R-1 $[ ]

DATED DATE:	MATURITY DATE:	CUSIP NO.:
[________], 2014	[______] 1, 20[___]	544688 [___]

REGISTERED OWNER: CITIBANK, N.A.

PRINCIPAL AMOUNT: [ ] DOLLARS

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic, organized and existing under the laws of the State of California (the “Issuer”), for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption or tender), on the Maturity Date specified above, the Principal Amount specified above, and to pay interest thereon, at the Bond Coupon Rate (as defined below), payable on each Bond Payment Date, commencing [________], 2014, to the person whose name appears on the registration books as of the Record Date and to pay any other amounts as specified in the Indenture (hereinafter defined); provided however, that if the Bond Payment Date is not also a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if such payment was made on originally scheduled payment date. All capitalized terms not otherwise defined in this Bond shall have the meaning ascribed thereto in the Indenture (as hereinafter defined).

Principal of, and premium, if any, on this Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of U.S. Bank National Association (the “Trustee” and “Bond Registrar”), or its successor.

This is a draw-down Bond. The principal amount of this Bond as of any given date shall be equal to (i) the total amount of principal advanced by the Bond Purchaser, less (ii) any payment of principal on the Bonds received by the Holders thereof. Principal amounts advanced by the Bond Purchaser shall be noted on the principal draw-down schedule attached to this Bond and acknowledged thereon by the Trustee.

Interest on this Bond shall be calculated on the basis of a 360-day year comprised of twelve 30-day months, or a year of 365 or 366 days, as applicable, for the actual number of days elapsed, as provided in the Indenture. The amount of interest payable on the Bonds on each Bond Payment Date shall be the amount of interest accrued thereon from the preceding Bond Payment Date (or such other date as described in the Indenture) to, but not including, the Bond Payment Date on which interest is being paid. Interest on this Bond shall be payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of the Trustee or its successor.

If a Bondholder so elects, any payment due to such Bondholder shall be made by wire transfer of federal reserve funds to any account in the United States of America designated by such Bondholder if such Bondholder, at its expense, (a) so directs by written notice delivered to the Trustee at least ten (10) Business Days before the date upon which such wire transfer or other arrangement is to be made and (b) otherwise complies with the reasonable requirements of the Trustee.

This Bond is one of an issue of duly authorized Multifamily Housing Revenue Bonds (Villa Nueva RHCP Apartments) 2014 Series B (the "Bonds"), pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (herein called the "Act"). The Bonds are issued under and are equally and ratably secured by a Trust Indenture, dated as of [_______] 1, 2014 (the "Indenture"), as amended and supplemented, between the Issuer and the Trustee. In the event of any conflict or inconsistency between the terms of this Bond and the terms of the Indenture, the terms of the Indenture shall prevail.

The proceeds from the Bonds are to be used for the purpose of making a mortgage loan pursuant to a Loan Agreement, dated as of [_______] 1, 2014 (the "Loan Agreement"), between the Issuer and Villa Nueva RHCP, LP (the "Borrower"), to finance the acquisition and rehabilitation of a multifamily residential facility (the "Project"). The Borrower's payment obligations under the Loan Agreement will be evidenced by one or more promissory notes (the "Note"). The Note will be secured by the Mortgage.

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which the Bonds are issued and secured, the manner in which interest is computed on this Bond, mandatory and optional tender rights and provisions, mandatory and optional redemption rights and tender provisions, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

This Bond is subject to optional and mandatory redemption in whole or in part, on the dates, under the terms and conditions and at the redemption prices set forth in the Indenture, all of the provisions of which are, by this reference, incorporated into this Bond. Notice of redemption shall be given in the manner set forth in the Indenture.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE COUNTY OF LOS ANGELES, THE

STATE OF CALIFORNIA, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS 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. THE ISSUER HAS NO TAXING POWER.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

By purchase of this Bond, the registered owner hereof authorizes the Bondholder Representative to exercise such rights and remedies afforded to it as provided in the Bond Documents.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, including, without limitation, the delivery of an Investor Letter to the extent required under the Indenture. Upon exchange or registration of such transfer a new registered Bond or Bonds of the same series, maturity and interest rate and of Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

The Issuer and the Trustee may deem and treat the person in whose name this Bond shall be registered on the Bond register, as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

All acts, conditions and things required by the laws of the Issuer to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law.

Neither the directors, members, officers, agents, employees or representatives of the Issuer nor any person executing the Bonds shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

This Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the Bond Registrar shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this Bond to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the Issuer or to have happened precedent to or in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its duly authorized officers all as of the Dated Date hereof.

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

By: ____________________________________
Chair of the Board of Commissioners

ATTEST:

Sachi A. Hamai
Executive Officer of the
Board of Commissioners

____
Deputy

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is a Bond referred to in the within-mentioned Indenture.

Date of Authentication: ______

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: ____________________________________
Authorized Signatory

ASSIGNMENT FOR TRANSFER

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto ____ (Tax Identification or Social Security No. ________________________) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints ___________________________________ attorney to transfer the within Bond on the books kept for registration thereof, with full power or substitution in the premises.

Date:
Signature Guaranteed:

____

NOTICE: Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

____

NOTICE: The signature to this assignment must correspond with the name of the registered owner of the within Bond as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

☐ The above signed transferor hereby represents and warrants to the Trustee and Issuer that the above transferee is a (check as applicable):

- ☐ "qualified institutional buyer" ("Qualified Institutional Buyer") as defined in Rule 144A promulgated under the Securities Act of 1933; or

- ☐ special purpose entity, trust or custodial arrangement in which all of the beneficial interests are credit enhanced and rated in the "A" category or higher by a Rating Agency (other than a residual interest owned by a "qualified institutional buyer"); provided, however, that a single Qualified Institutional Buyer shall at all times hold a controlling interest in the residual interests in the trust or custodial arrangement and all interests therein shall be issued in minimum denominations of $100,000.

PRINCIPAL DRAW-DOWN SCHEDULE

The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of the Trustee in the name of the registered Holder last noted below.

Date of Advance	Amount of Advance	Principal Balance Outstanding	Signature of Trustee

EXHIBIT B

[RESERVED]

EXHIBIT C-1

FORM OF WRITTEN REQUISITION OF THE BORROWER-PROJECT FUND

Draw #___________

To: U.S. Bank National Association, as trustee (the "Trustee") under that certain Trust Indenture, dated as of [_______] 1, 2014 (the "Indenture"), between the Trustee and The Housing Authority of the County of Los Angeles, pursuant to which the Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bonds (Villa Nueva RHCP Apartments) 2014 Series B (the "Bonds") were issued.

1. You are requested to disburse funds from the Project Fund pursuant to Section 8.7 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto.

2. The undersigned certifies that:

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

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

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

(iv) such requisition contains no items representing any Costs of Issuance or any other amount constituting an issuance cost under Section 147(g) of the Code;

(v) not less than 95% of the sum of: (A) the amounts requisitioned by this Requisition to be funded with the proceeds of the Bonds plus (B) all amounts allocated to the Bonds previously disbursed from the Tax-Exempt Proceeds Account of the Project Fund, have been or will be applied by the Borrower to pay Qualified Project Costs;

(vi) 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 this Indenture or under the Loan Agreement or, to our knowledge, an Event of Default under the Indenture; and

(vii) attached as Schedule I to this Requisition is an exhibit that allocates the amount requested hereby among the Bonds and funds provided to the Trustee from the Borrower.

Project: Villa Nueva RHCP Apartments
Draw #: ____

[3. The undersigned has provided you with this Requisition an endorsement to the mortgagee title insurance policy delivered to the Trustee at closing increasing the affirmative mechanics and materialmen's lien coverage to an amount equal to the aggregate amount paid out of the Project Fund including the amount to be paid under the requisitions then being submitted, together with any lien waivers or reports with respect to title to the Project required for the issuance of such endorsement.]

Dated:

VILLA NUEVA RHCP, LP, a California limited partnership

By:

Approved by:

Citibank, N.A., as Servicer

By: ______________________________
Name:
Title: Vice President

EXHIBIT C-2

FORM OF WRITTEN REQUISITION
OF THE BORROWER – COSTS OF ISSUANCE FUND

To: U.S. Bank National Association, as trustee (the "Trustee") under that certain Trust Indenture, dated as of [_______] 1, 2014 (the "Indenture"), between the Trustee and The Housing Authority of the County of Los Angeles.

1. You are requested to disburse funds from the Costs of Issuance Fund pursuant to Section 8.6 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto.

2. The undersigned certifies that 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 this Indenture or under the Loan Agreement or, to our knowledge, an Event of Default under the Indenture.

Dated:

VILLA NUEVA RHCP, LP, a California limited partnership

By:

EXHIBIT D

FORM OF INVESTOR LETTER

[Date]

The Housing Authority of the County of Los Angeles
Alhambra, California

U.S. Bank National Association
Los Angeles, California

Re: The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bonds (Villa Nueva RHCP Apartments) 2014 Series B (the "Bonds")

The undersigned, as purchaser (the "Purchaser") of the above-referenced Bond issued under the Trust Indenture dated as of [_______] 1, 2014 (the "Indenture") between The Housing Authority of the County of Los Angeles (the "Issuer") and U.S. Bank National Association (the "Trustee") hereby represents that:

1. The Purchaser 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 Bonds. We are able to bear the economic risks of such investment.

2. The Purchaser 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 investor would attach significance in making investment decisions, and the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Project, the use of proceeds of the Bonds and the Bonds and the security therefor so that, as a reasonable investor, the Purchaser has been able to make its decision to purchase the Bonds. The Purchaser acknowledges that it has not relied upon the addressees hereof for any information in connection with the Purchaser's purchase of the Bonds. The Investor hereby waives the requirement of any "due diligence investigation or inquiry" by the Issuer, by each official of the Issuer, by each employee of the Issuer, by each member of the governing board of the Issuer, and by counsel to the Issuer, the Trustee, counsel to the Trustee, and Bond Counsel in connection with the authorization, execution and delivery of the Bonds and the Purchaser's purchase of the Bonds. The Purchaser recognizes and agrees that the Issuer, by each official of the Issuer, each employee of the Issuer, each member of the governing board of the Issuer, counsel to the Issuer, the Trustee, counsel to the Trustee and Bond Counsel have made no representations or statements (expressed or implied) with respect to the accuracy or completeness of any of the materials reviewed by the Purchaser in connection with the Investor's purchase of the Bonds. In making an investment decision, the Purchaser is relying upon its own examination of the Issuer, the Borrower, the Project and the terms of the offering.

3. The Purchaser is a "Qualified Buyer". "Qualified Buyer" shall mean (a) a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended ("Rule 144A"); (b) an institutional "accredited investor" as defined in Rule 501(1), (2), (3) or (7) promulgated under the Securities Act of 1933, as amended; or (c) a special purpose entity, trust or other custodial arrangement established by the Original Bond Purchaser where all interests are in $100,000 minimum denominations and all the interests (other than a residual interest held by a QIB) are credit enhanced and rated in the "A" category or higher by a Rating Agency and, in the case of clause (c), a single QIB shall at all times hold a controlling interest in the residual interests.

4. The Purchaser acknowledges that it is purchasing the Bonds for investment for its own account and not with a present view toward resale or the distribution thereof, in that we do not now intend to resell or otherwise dispose of all or any part of its interests in the Bonds; provided, however, that the Purchaser may, notwithstanding the terms of Paragraph 5 below, transfer the Bonds to any affiliate or other party related to the Purchaser.

5. In addition to the right to sell or transfer the Bonds as set forth in Paragraph 4 above, the Purchaser further acknowledges its right to sell or transfer the Bonds, subject to the delivery to the Trustee of: (a) the prior written consent of the Issuer; and (ii) an investor letter from the transferee to substantially the same effect as this Investor Letter or in such other form authorized by the Indenture with no revisions except as may be approved in writing by the Issuer. The Purchaser will provide the Issuer with a draft of any placement memorandum to be provided to any subsequent buyer or beneficial owner of the Bonds, and the Issuer shall have the right to approve any description of the Issuer and the Bonds therein (which approval shall not be unreasonably withheld).

6. The Purchaser agrees that it will only offer, sell, pledge, transfer or exchange the Bonds (i) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "1933 Act"), (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bonds and the Indenture. The Purchaser further agrees that the Bonds will not be transferred to or held in a pool, trust or similar arrangement which is not a Qualified Buyer and that it will not sell any participating interest in the Bonds without the prior written consent of the Issuer.

7. The Purchaser has the authority to purchase the Bonds and to execute this letter and other documents and instruments required to be executed by the Purchaser connection with its purchase of the Bonds. The individual who is executing this letter on behalf of the undersigned is a duly appointed, qualified and acting officer of the Purchaser and is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by the execution of this letter on behalf of the Purchaser.

8. The Purchaser understands that the Bonds are a limited obligation of the Issuer; payable solely from funds and moneys pledged and assigned under the Indenture, and that the liabilities and obligations of the Issuer with respect to the Bonds are expressly limited as set forth in the Indenture and related documents.

9. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture or the Bond Purchase Agreement, as applicable.

[Signature Page to Investor Letter]

[________________], as Purchaser
By ____
Name ____
Its ____

EXHIBIT E

FORM OF
NOTICE OF INTEREST RATE CONVERSION

U.S. Bank National Association

[REMARKETING AGENT]

Re: THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES MULTIFAMILY HOUSING REVENUE BONDS (VILLA NUEVA RHCP APARTMENTS) 2014 SERIES B

Ladies and Gentlemen:

The undersigned is the Authorized Borrower Representative of the above-referenced bonds (the "Bonds") as such term is defined in the Trust Indenture, dated as of [_______] 1, 2014 (the "Indenture"), between The Housing Authority of the County of Los Angeles (the "Issuer") and you, as trustee (the "Trustee").

Pursuant to Section 4.9 of the Indenture you are hereby notified that the Bonds are to be remarketed on [insert remarketing date] and the interest thereon shall be converted to [________] effective [insert effective date] (the "Effective Date"). The Bonds shall be in a [____] mode from the Effective Date through [________] or the prior redemption thereof.

The [Remarketing Agent] hereby certifies that such conversion is not reasonably expected to result in a deferral of, or a reduction in, any scheduled payment of interest or principal.

This notice is dated as of the ___ day of ________, ___.

AUTHORIZED BORROWER
REPRESENTATIVE

By: ____________________________________
Authorized Signatory

EXHIBIT F

[NOTICE OF SUBORDINATION OF BONDS]

U.S. Bank National Association

[REMARKETING AGENT]

Re: THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES MULTIFAMILY HOUSING REVENUE BONDS (VILLA NUEVA RHCP APARTMENTS) 2014 SERIES B

Ladies and Gentlemen:

The undersigned is the Bondholder Representative of the above-referenced Bond (the "Bonds") as such term is defined in the Trust Indenture, dated as of [_______] 1, 2014 (the "Indenture"), The Housing Authority of the County of Los Angeles (the "Issuer") and you, as trustee (the "Trustee").

Pursuant to Article XVI of the Indenture you are hereby notified and instructed that the enclosed Bonds shall be cancelled and exchanged for Senior Bonds and Subordinate Bonds in the amounts stipulated below:

Tax Exempt Bonds Exchanged and Cancelled:
[Principal Amount]
Tax Exempt Senior Bonds Issued:
[Principal Amount]

Tax Exempt Subordinate Bonds Issued:
[Principal Amount]

This notice is dated as of the ___ day of ________, ___.

MAJORITY BONDHOLDER

By: ____________________________________
Authorized Signatory

EXHIBIT G

FORM OF SUBORDINATE TAX-EXEMPT BOND

EXCEPT AS EXPRESSLY PROVIDED IN THE INDENTURE
THE TRUSTEE IS PROHIBITED FROM REGISTERING THE OWNERSHIP OR TRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF THE WRITTEN CONSENT OF THE ISSUER AND AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE INDENTURE DESCRIBED HEREIN.

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES
MULTIFAMILY HOUSING REVENUE BONDS (SUBORDINATE)
(VILLA NUEVA RHCP APARTMENTS)
2014 SERIES B

No. R-1 $[_______]

DATED DATE:	MATURITY DATE:	CUSIP NO.:
[_______], 2014	[_____] 1, 20[__]	[_______]

REGISTERED OWNER: [________]

PRINCIPAL AMOUNT: [________]

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES (the "Issuer"), a public body corporate and politic, organized and existing under the laws of the State of California (the "Issuer"), for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption or tender), on the Maturity Date specified above, the Principal Amount specified above, and to pay interest thereon, at the Bond Coupon Rate (as defined below), payable on each Bond Payment Date, commencing [______], 2014, to the person whose name appears on the registration books as of the Record Date and to pay any other amounts as specified in the Indenture (hereinafter defined). All capitalized terms not otherwise defined in this Subordinate Bond shall have the meaning ascribed thereto in the Indenture (as hereinafter defined).

Principal of, and premium, if any, on this Subordinate Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of U.S. Bank National Association, as trustee (the "Trustee" and "Bond Registrar"), or its successor.

Interest on this Bond shall be calculated on the basis of a 360-day year comprised of twelve 30-day months, or a year of 365 or 366 days, as applicable, for the actual number of days elapsed, as provided in the Indenture. The amount of interest payable on this Bond on each Bond Payment Date shall be the amount of interest accrued thereon from the preceding Bond Payment Date (or such other date as described in the Indenture) to, but not including, the Bond Payment Date on which interest is being paid. Interest on this Subordinate Bond shall be payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of the Trustee or its successor.

If a Bondholder so elects, any payment due to such Bondholder shall be made by wire transfer of federal reserve funds to any account in the United States of America designated by such Bondholder if such Bondholder, at its expense, (a) so directs by written notice delivered to the Trustee at least ten (10) Business Days before the date upon which such wire transfer or other arrangement is to be made and (b) otherwise complies with the reasonable requirements of the Trustee.

The indebtedness evidenced by this Subordinate Bond is and shall be subordinate in right of payment to the prior payment in full of all then current amounts due and payable to the Senior Bond (as defined in the Indenture), to the extent and in the manner provided in the Indenture. The Indenture securing this Subordinate Bond is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Senior Bonds. The rights and remedies of the holder and each subsequent holder of this Subordinate Bond under the Indenture are subject to the terms thereof.

This Subordinate Bond is issued under and secured by a Trust Indenture, dated as of [_______] 1, 2014 (the "Indenture"), as amended and supplemented, between the Issuer and the Trustee. This Subordinate Bond is subordinate to the Senior Bonds (as defined in the Indenture).

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which the Subordinate Bonds are issued and secured, the manner in which interest is computed on this Subordinate Bond, mandatory and optional tender rights and provisions, mandatory and optional redemption rights and tender provisions, acceleration, the rights of the Bondholder and the provisions for defeasance of such rights.

This Subordinate Bond is subject to optional and mandatory redemption in whole or in part, on the dates, under the terms and conditions and at the redemption prices set forth in the Indenture, all of the provisions of which are, by this reference, incorporated into this Subordinate Bond. Notice of redemption shall be given in the manner set forth in the Indenture.

THE SUBORDINATE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, ANY OF ITS PROGRAM PARTICIPANTS, THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE SUBORDINATE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE SUBORDINATE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS 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. THE ISSUER HAS NO TAXING POWER.

The registered owner of this Subordinate Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

By its purchase of this Subordinate Bond, the registered owner hereof authorizes the Bondholder Representative to exercise such rights and remedies afforded to the Bondholder Representative on behalf of the Bondholder as provided in the Bond Documents.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This Subordinate Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, including, without limitation, the delivery of an Investor Letter to the extent required under the Indenture. Upon exchange or registration of such transfer a new registered Bond or Bonds of the same series, maturity and interest rate and of Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

The Issuer and the Trustee may deem and treat the person in whose name this Subordinate Bond shall be registered on the Bond register, as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

All acts, conditions and things required by the laws of the Issuer to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of the Subordinate Bonds do exist, have happened and have been performed in due time, form and manner as required by law.

Neither the directors, members, officers, agents, employees or representatives of the Issuer nor any person executing the Subordinate Bonds shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Subordinate Bonds.

This Subordinate Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the Bond Registrar shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Subordinate Bond is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this Subordinate Bond to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the Issuer or to have happened precedent to or in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its duly authorized officers all as of the Dated Date hereof.

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

By: ___________________________________
Chair of the Board of Commissioners

ATTEST:

Sachi A. Hamai
Executive Officer of the
Board of Commissioners

____
Deputy

CERTIFICATE OF AUTHENTICATION

This is to certify that this Subordinate Bond is one of the Subordinate Bonds referred to in the within-mentioned Indenture.

Date of Authentication: ________, 20__

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ____________________________________
Authorized Signatory

ASSIGNMENT FOR TRANSFER

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto ____ (Tax Identification or Social Security No. _________________________) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints __________________________________ attorney to transfer the within Bond on the books kept for registration thereof, with full power or substitution in the premises.

Date:
Signature Guaranteed:

____

NOTICE: Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

____

NOTICE: The signature to this assignment must correspond with the name of the registered owner of the within Bond as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

LOAN AGREEMENT

BETWEEN

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES,

AS ISSUER,

AND

VILLA NUEVA RHCP, LP,
AS BORROWER

Dated as of [_______] 1, 2014

Relating to:

$[2,300,000]
The Housing Authority of the County of Los Angeles
Multifamily Housing Revenue Bonds
(Villa Nueva RHCP Apartments)
2014 Series B

The interest of the Issuer in this Loan Agreement (except for certain rights described herein) has been pledged and assigned to U.S. Bank National Association as trustee (the "Trustee"), under that certain Trust Indenture, dated as of [_______] 1, 2014, by and between the Issuer and the Trustee.

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Loan Agreement") is entered into as of [_______] 1,. 2014, between **THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES**, a public body, corporate and politic, organized and existing under the laws of the State of California (together with its successors and assigns, the "Issuer"), and **VILLA NUEVA RHCP, LP**, a California limited partnership (together with its successors and assigns, the "Borrower").

WITNESSETH:

RECITALS

WHEREAS, the Issuer is authorized by Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the "Act") to issue revenue bonds for the purpose of financing, among other things, the acquisition, rehabilitation and development of multifamily rental housing and for the provision of capital improvements in connection therewith and determined necessary thereto; and

WHEREAS, the Act authorizes the Issuer: (a) to make loans to any person to provide financing for rental residential developments located within the County of Los Angeles, (the "Sponsoring Political Subdivision"), and intended to be occupied in part or in whole by persons of low and moderate income, as determined by the Issuer; (b) to issue its revenue bonds 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 issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, Villa Nueva RHCP, LP (the "Borrower"), has requested the Issuer to issue revenue bonds designated as the Multifamily Housing Revenue Bonds (Villa Nueva RHCP Apartments), 2014 Series B in the aggregate principal amount of $[2,300,000] (the "Bonds") and to loan the proceeds from the sale thereof to the Borrower to finance the acquisition of an interest in, and rehabilitation and development of, a multifamily rental housing development, located in the County of Los Angeles, known as Villa Nueva RHCP Apartments (the "Project"); and

WHEREAS, as evidence of its repayment obligations under this Loan Agreement, on the Closing Date the Borrower will execute and deliver its promissory note (the "Note").

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

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1 Specific Definitions. For all purposes of this 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 Indenture.

(b) The definitions in the recitals to this instrument are for convenience only and shall not affect the construction of this instrument.

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

(d) 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.

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

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

Section 1.2 Principles of Construction. Unless otherwise specified, (i) all references to sections and schedules are to those in this Loan Agreement, (ii) the words "hereof," "herein" and "hereunder" and words of similar import refer to this 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, (iv) the word "including" means "including but not limited to," and (v) accounting terms not specifically defined herein shall be construed in accordance with the Approved Accounting Method.

ARTICLE II

GENERAL

Section 2.1 Issuance of Bonds. In order to provide funds for the purposes provided herein, the Issuer agrees that it will, in accordance with the Act, issue, sell and cause to be delivered to the purchasers thereof, the Bonds. The proceeds of the sale of the Bonds shall be paid to the Trustee for the account of the Issuer. The Trustee shall promptly deposit the proceeds of the sale of the Bonds as provided in the Indenture. The Issuer and the Borrower expressly reserve the right to enter into, to the extent permitted by law, an agreement or agreements other than this Loan Agreement with respect to the issuance by the Issuer under an indenture or indentures other than the Indenture of obligations to provide funds to refund all or any principal amount of the Bonds.

Section 2.2 Security for the Bonds.

(a) As security for the Bonds, the Issuer has pledged and assigned the Trust Estate to the Trustee under and pursuant to the Indenture. The Trust Estate 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 Note, which shall be delivered to the Trustee. The Borrower hereby acknowledges and consents to such assignment to the Trustee.

(b) With respect to the Unassigned Issuer's Rights, subject to the limitations set forth in this Section, the Issuer may:

(i) Tax Covenants. Seek specific performance of, and enforce, the tax covenants of the Indenture, the Regulatory Agreement, the Tax Certificate and this Loan Agreement, injunctive relief against acts which may be in violation of any of the tax covenants, and enforce the Borrower's obligation 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 Issuer may enforce any right it may have under the Regulatory Agreement for monetary damages only against Excess Revenues, if any, of the Borrower, unless Bondholder Representative otherwise specifically consents in writing to the use of other funds; and

(iii) Reserved Rights. Take whatever action at law or in equity which appears necessary or desirable to enforce the other Unassigned Issuer's Rights; provided, however, that the Issuer or any person under its control may only enforce any right it may have for monetary damages against Excess Revenues, if any, of the Borrower, unless Bondholder Representative otherwise specifically consents in writing to the enforcement against other funds of the Borrower.

(c) In no event shall the Issuer:

(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 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 Trustee, the Bondholder Representative or the Servicer of any of their rights under the Loan Documents upon the occurrence of an event of default by the Borrower under the Bond Documents; or

(iv) take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Loan or the Bonds.

(d) The Issuer shall provide written notice to the Bondholder Representative, the Trustee and the Servicer immediately upon taking any action at law or in equity to exercise any remedy or direct any proceeding under the Bond Documents.

(e) As used in this Section, the term "Excess Revenues" means, 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 sinking fund payment, acceleration or otherwise), the payment of all fees, costs and expenses on an occasional or recurring basis in connection with the Loan or the Bonds, 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 of Bond Proceeds; Note. Upon the issuance of the Bonds and deposit under the Indenture of the proceeds from the sale of the Bonds, the Issuer shall be deemed to have made the Loan to the Borrower in the original principal amount of the Loan Amount, which shall mature and be payable at the times and in the amounts required under the terms hereof and of the Note. The proceeds of the Loan shall be used by the Borrower to pay costs of the acquisition, rehabilitation and development of the Project and for certain other purposes specified in the Indenture. The Borrower hereby accepts the Loan and acknowledges that the Issuer shall cause the proceeds of the Bonds to be deposited with the Trustee in the manner set forth in Section 7.2 of the Indenture and applied as set forth in the Indenture.

The Borrower hereby agrees to execute the Note, as evidence of its obligation to repay the Loan, and to deliver the Note simultaneously with the delivery of this Loan Agreement to the Issuer. The Note shall bear interest on the unpaid balance thereof at the applicable Bond Coupon Rate, calculated on the basis of a 360-day year comprised of twelve 30-day months, or a year of 365 or 366 days, as applicable, for the actual number of days elapsed, as provided therein. The Issuer shall assign the Note to the Trustee for the benefit of the Bondholders.

Section 2.4 Disbursements.

(a) Moneys in the Project Fund shall be disbursed as provided in Section 8.7 of the Indenture.

(b) Moneys in the Costs of Issuance Fund shall be disbursed by the Trustee in accordance with the instructions received from the Borrower pursuant to Section 8.6 of the Indenture.

Section 2.5 Loan Payments.

(a) The Borrower shall make Loan Payments in accordance with the Note. Each Loan Payment made by the Borrower shall be made in funds immediately available to the Trustee or the Servicer by 12:00 p.m., New York City time, on the Loan Payment Date. Each such payment shall be made to the Trustee or the Servicer by deposit to such account as the Trustee or Servicer, as applicable, may designate by Written Notice to the Borrower. Whenever any 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 Loan Payments in accordance with the Note in the amounts and at the times necessary to make all payments due and payable on the Bonds. All payments made by the Borrower hereunder or by the Borrower under the other Bond Documents, shall be made irrespective of, and without any deduction for, any setoffs or counterclaims, but such payment shall not constitute a waiver of any such set offs or counterclaims.

(b) Except as otherwise set forth in the Indenture, the Borrower and the Issuer each acknowledge that neither the Borrower nor the Issuer has any interest in any moneys deposited in the funds or accounts established under the Indenture and such funds or accounts shall be in the custody of and (except for monies in the Rebate Fund and monies due the Issuer on deposit in the Expense Fund) held by the Trustee in trust for the benefit of the Bondholders.

(c) Unless there is no Servicer, payments of principal and interest on the Note shall be paid to the Servicer. If there is no Servicer, payments of principal and interest on the Note shall be paid directly to Trustee.

Section 2.6 Additional Payments.

The Borrower shall pay to the Trustee on demand the following amounts; provided, however that the Borrower shall not be responsible for any costs associated with any securitization of the Bonds:

(a) the Rebate Amount then due, if any, to be deposited by the Trustee in the Rebate Fund as specified in Section 8.8 of the Indenture and the costs incurred to calculate such Rebate Amount (to the extent such costs are not included in the Loan Payment);

(b) all fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Trustee and the Issuer (above and beyond the Trustee's Fee or the Issuer's Ongoing Fee) incurred under the Indenture, as and when the same become due;

(c) all Costs of Issuance and fees, charges and expenses, including agent and counsel fees incurred in connection with the issuance of the Bonds, as and when the same become due, to the extent not paid from the Costs of Issuance Fund;

(d) all charges, costs, advances, indemnities and expenses, including agent and counsel fees (other than Costs of Issuance paid at Closing), of the Issuer incurred by the Issuer at any time in connection with the Bonds 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 Bond Documents or any other documents relating to the Project or the Bonds or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit; and

(e) all late charges due and payable under the terms of the Note and Section 2.8 herein; provided, however, that all payments made pursuant to this subsection (e) shall be made to the Servicer, if there is no Servicer, such payments shall be made to the Trustee.

The Borrower shall pay to the party entitled thereto as expressly set forth in this Loan Agreement or the other Bond Documents:

(a) all expenses incurred in connection with the enforcement of any rights under this Loan Agreement, the Regulatory Agreement, the Indenture or any other Loan Document or Bond Document by the Issuer, the Servicer, the Bondholder Representative, the Trustee or the Bondholders;

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

(c) all expenses, costs and fees relating to inspections of the Project required by the Bondholder Representative or the Servicer in accordance with the Bond Documents or to reimburse such parties for such expenses, costs and fees.

Section 2.7 Initial Deposit; Costs of Issuance Deposit. The Borrower shall deposit or cause to be deposited with the Trustee on the Closing Date an amount equal to the Initial Bond Fund Deposit and other deposits as set forth in Section 7.2 of the Indenture. The Borrower shall deposit or cause to be deposited with the Trustee on the date of execution and delivery of this Loan Agreement an amount equal to the Costs of Issuance Deposit.

Section 2.8 Overdue Payments; Payments if Default. If any Borrower Payment Obligation is not paid by or on behalf of the Borrower when due, the Borrower shall pay to the Servicer a Late Charge in the amount and to the extent set forth in the Note, if any. Any such Late Charge shall not be deemed to be additional interest or a penalty, but shall be deemed to be liquidated damages because of the difficulty in computing the actual amount of damages in advance. Late Charges shall be secured by the applicable Bond Documents. Any action regarding the collection of a Late Charge will be without prejudice to any other rights, nor act as a waiver of any other rights, that the Servicer, the Trustee or the Bondholder Representative may have as provided herein, at law or in equity.

Section 2.9 Obligations of the Borrower Absolute and Unconditional.

(a) Subject to Section 10.1, the obligations of the Borrower under this Loan Agreement and the Note to make Loan Payments and Additional Payments on or before the date the same become due, and to perform all of its other obligations, covenants and agreements hereunder shall be absolute and unconditional, and shall be paid or performed without notice or demand, and without abatement, deduction, setoff, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether the Borrower's title to the Project or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft or destruction of the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of the Borrower's use thereof, the eviction or constructive eviction of the Borrower, any change in the tax or other laws of the United States of America, the State or any political subdivision thereof, any change in the Issuer's legal organization or status, or any default of the Issuer or the Trustee hereunder or under any other Bond Document, and regardless of the invalidity of any action of the Issuer or the invalidity of any portion of this Loan Agreement. The Borrower hereby waives the application to it of the provisions of any statute or other law now or hereafter in effect contrary to any of its obligations, covenants or agreements under this Loan Agreement or which releases or purports to release the Borrower therefrom. Nothing contained herein shall be construed as prohibiting the Borrower from pursuing any rights or remedies it may have against any Person in a separate legal proceeding.

(b) The Borrower may, however, at its own cost and expense and in its own name, prosecute or defend any action or proceeding or take any other action involving third persons that the Borrower deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder.

Section 2.10 Optional Prepayment of Note. The Borrower shall have the option to prepay the Note to the extent and in the manner set forth therein, exercisable by Written Notice to the Issuer and the Trustee given at least 30 days prior to the proposed prepayment date (or such shorter time as agreed to by Bondholder Representative in its sole discretion), for the purpose of redeeming all or a portion of the Outstanding Bonds in accordance with Section 6.1 of the Indenture on a permitted redemption date of the Bonds or paying the Bonds at maturity.

In connection with any such proposed prepayment, the Borrower shall deposit Eligible Funds with the Trustee by 12:00 p.m., New York City time, on the date of prepayment at a prepayment price equal to the principal balance of the Note to be prepaid, plus interest thereon to the date of prepayment and the amount of any Prepayment Premium payable under the Note, plus any Additional Payments due and payable hereunder through the date of prepayment. Such amounts shall be applied to the redemption of the Bonds and payment of all amounts due hereunder. The Borrower shall deliver such certifications and shall satisfy such conditions as set forth in Section 6.1 of the Indenture with respect to the optional redemption of the Bonds. If the Bonds are not then callable, the prepayment price set forth above shall be calculated pursuant to Section 14.2 of the Indenture.

Section 2.11 Mandatory Prepayment of Note. The Borrower shall prepay the Note at the direction of the Bondholder Representative, in whole or in part, at a prepayment price equal to the principal balance of the Note to be prepaid, plus accrued interest plus any other amounts payable under the Note or this Loan Agreement, for the purpose of redeeming the Bonds as provided in Section 6.3, 6.8 or 6.9 of the Indenture, upon the occurrence of any event or condition described below:

(a) in whole or in part, if the Project shall have been damaged or destroyed to the extent that it is not practicable or feasible to rebuild, repair or restore the damaged or destroyed property within the period and under the conditions described in the Mortgage following such event of damage or destruction; or

(b) in whole or in part, if title to, or the use of, all or a portion of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority which results in a prepayment of the Note under the conditions described in the Mortgage; or

(c) in whole or in part, to the extent that insurance proceeds or proceeds of any condemnation award with respect to the Project are not applied to restoration of the Project in accordance with the provisions of the Mortgage; or

(d) in whole, on the date fifteen (15) days prior to (or such other date consented to in writing by the Bondholder Representative) the date on which the Bonds may become subject to mandatory redemption pursuant to Section 6.8 or 6.9 of the Indenture; or

(e) in whole, upon a Determination of Taxability; or

(f) as otherwise provided in the Note, the Conversion Agreement or the Mortgage.

Such prepayment shall be due and payable by no later than 12:00 p.m., Trustee local time, on the date fixed by the Trustee for redemption of the Bonds pursuant to Section 6.3 or 6.8 of the Indenture, which date shall be communicated by the Trustee in writing to the Issuer, the

Bondholders and the Borrower in accordance with the Indenture. To the extent that the Borrower or the Trustee receive any insurance proceeds or condemnation awards that are to be applied to the prepayment of the Note, such amounts shall be applied to the prepayment of the Note and the corresponding redemption of the Bonds.

In addition, the Borrower shall prepay the outstanding principal balance of the Note at the direction of the Bondholder Representative, in whole or (if so permitted herein) in part, at a prepayment price equal to the outstanding principal balance of the Note prepaid, plus accrued interest plus any other amounts payable under the Note or this Loan Agreement, for the purpose of redeeming the Bonds as provided in Sections 6.2, 6.4, 6.5, 6.6, 6.7, 6.8 and 6.9 of the Indenture.

Section 2.12 Calculation of Interest Payments and Deposits to Real Estate Related Reserve Funds. The Issuer and the Borrower acknowledge as follows: (a) calculation of all interest payments shall be made by the Trustee; (b) deposits with respect to the Taxes and Other Charges shall be calculated by the Servicer or if there is no Servicer, the Bondholder Representative in accordance with the Mortgage; and (c) deposits with respect to any replacement reserve funds required by the Bondholder Representative 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 Bondholder Representative, 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 2.13 Cap Fee Escrow. At any time [after the Conversion Date] when the Bonds are in the Daily Interest Rate Mode, the Weekly Interest Rate Mode, or the SIFMA Index Rate Mode, unless such requirement is waived by the Bondholder Representative, the Borrower agrees to purchase 15 days prior to the expiration or early termination of any Swap Agreement and maintain at all times thereafter, an interest rate cap agreement fulfilling the Cap Agreement Requirements as determined by the Bondholder Representative in its sole discretion; provided however that the Borrower may, if consented to in writing by the Bondholder Representative, enter into a Swap Agreement prior to the expiration of the Swap Agreement or interest rate cap then in effect in lieu of purchasing an interest rate cap. On each Loan Payment Date commencing five years before the stated termination date of the Swap Agreement, the Borrower shall pay to the Servicer or its designee for deposit to a Cap Fee Escrow, an amount that will result in the accumulation by the expiration or early termination of the Swap Agreement or then existing interest rate cap agreement, as applicable, without regard to earnings in the Cap Fee Escrow, of funds estimated by the Bondholder Representative to be sufficient to provide for the purchase of the interest rate cap agreement fulfilling the Cap Agreement Requirements for an additional five (5) years or for a period beginning on the termination date of the then existing Swap Agreement or interest rate cap agreement, as applicable, and ending on the Maturity Date, whichever is shorter. During the first twelve (12) months after the first payment for each future Cap Agreement, the monthly deposit shall be equal to a fraction, the numerator of which is 125% of the aggregate periodic payments required to be made pursuant to the interest rate cap agreement required hereunder and the denominator of which is the number of months remaining until the termination of the then existing Swap Agreement or interest rate cap agreement, as applicable. Thereafter, the amount of the monthly deposit shall be recomputed by the Indexing

Agent annually based upon the Indexing Agent's estimation of the aggregate periodic payments required to be made pursuant to such subsequent interest rate cap agreement (or extension or renewal thereof) times 125% minus amounts already on deposit in the Cap Fee Escrow, divided by the number of months remaining until the expiration of the then existing interest rate cap agreement. The Borrower shall pay the Indexing Agent's expenses related to the estimation and analysis of the cost of any renewal or replacement interest rate cap agreement. Amounts on deposit in the Cap Fee Escrow shall be invested and reinvested by the Servicer or its designee in its discretion. In the event the Borrower enters into a subsequent Swap Agreement in lieu of purchasing an interest rate cap as set forth above, upon receipt of Written Direction from the Bondholder Representative, amounts on deposit in the Cap Fee Escrow held by the Servicer shall remitted to the Borrower.

Section 2.14 Grant of Security Interest; Application of Funds. To the extent not inconsistent with the Mortgage 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 Bond Documents, the Borrower hereby pledges and assigns to the Trustee, as assignee of the Issuer, and grants to the Trustee 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 Trustee or the Servicer for the Project. The Borrower also grants to the Trustee a continuing security interest in, and agrees to hold for the benefit of the Trustee, all Rents in its possession prior to the payment of Rents or any portion thereof to the Trustee or the Servicer (to the extent that the Borrower is required to pay such Rents to the Trustee or the Servicer). The Borrower shall not, without obtaining the prior Written Consent of the Bondholder Representative, 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 l Financing Statements, except those naming the Trustee as the secured party, to be filed with respect thereto. This 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 a Loan Agreement Default hereunder, the Trustee and the Servicer shall apply or cause to be applied any sums held by the Trustee and the Servicer with respect to the Project in accordance with Section 11.4 of the Indenture.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.1 Borrower Representations. The Borrower represents and warrants for the benefit of the Issuer, the Trustee, the Bondholder Representative and the Servicer, as of the date of execution hereof, as follows:

Section 3.1.1. Organization; Special Purpose. The Borrower is a California limited partnership in good standing under the laws of the State, has full legal right, power and authority to enter into the Bond Documents to which it is a party, and to carry out and consummate all transactions contemplated by the Bond Documents to which it is a party, and by proper limited partnership action has duly authorized the execution, delivery and performance of the Bond Documents to which it is a party. The Person(s) of the Borrower executing the Bond Documents to which the Borrower is a party are fully authorized to execute the same. The Bond

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 3.1.2. Proceedings; Enforceability. Assuming due execution and delivery by the other parties thereto, the Bond 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 3.1.3. No Conflicts. The execution and delivery of the Bond 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 limited partnership agreement of the Borrower, or 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 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 Bond Documents, or the financial condition, assets, properties or operations of the Borrower.

Section 3.1.4. Litigation. There is no action, suit, proceeding, inquiry or investigation, 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 in any material respect the Borrower or the assets, properties or operations of the Borrower 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 Bond Documents, or upon the financial condition, assets, properties or operations of the Borrower, and the Borrower is not 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 Bond Documents, or the financial condition, assets, properties or operations of the Borrower. 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 3.1.5. Agreements; Consents; Approvals. Except as contemplated by the Bond Documents, the Borrower is not a party to any agreement or instrument or subject to any restriction that would materially adversely affect the Borrower or the Project, or the Borrower's business, properties, operations or financial condition or business prospects, except the Permitted Encumbrances. 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 Encumbrance 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 Bond 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 3.1.6. Title. The Borrower shall have a fee interest in the Project, free and clear of all Liens except the Permitted Encumbrances. The Mortgage, 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 Borrower's fee interest in the Project and (ii) perfected security interests in and to, and perfected collateral assignments of, all personalty included in the Project (including the Leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances. 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 are there any claims for payment for work, labor or materials affecting the Project which are or may become a Lien prior to, or of equal priority with, the Liens created by the Bond Documents. Notwithstanding the foregoing, there may be Subordinate Loans provided that any liens related to such Subordinate Loans shall subordinate to the liens created by the Bond Documents and the Mortgage.

Section 3.1.7. Survey. To the best knowledge of the Borrower, the survey for the Project delivered to the Issuer and the Bond Purchaser does not fail to reflect any material matter affecting the Project or the title thereto.

Section 3.1.8. 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 3.1.9. Full and Accurate Disclosure. No statement of fact made by the Borrower in any Bond Documents contains 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 in 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 Bondholder

Representative which materially and adversely affects the Project or the business, operations or financial condition or business prospects of the Borrower or the Borrower's ability to meet its obligations under this Loan Agreement and the other Bond Documents to which it is a party in a timely manner.

Section 3.1.10. 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 3.1.11. Compliance. The Borrower and 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 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 Bond Document.

Section 3.1.12. Contracts. All service, maintenance or repair contracts affecting the Project 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 3.1.13. Financial Information. All financial data, including any statements of cash flow and income and operating expense, that have been delivered to the Issuer or the Bond Purchaser 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 the Approved Accounting Method consistently applied throughout the periods covered, except as disclosed therein. Other than pursuant to or permitted by the Bond Documents or the Borrower organizational 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 3.1.14. 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 3.1.15. Federal Reserve Regulations. No part of the proceeds of the 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 Bond Document.

Section 3.1.16. 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 Encumbrances, 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 3.1.17. Not a Foreign Person. The Borrower is not a "foreign person" within the meaning of §1445(f)(3) of the Code.

Section 3.1.18. Separate Lots. Each parcel comprising the Project is a separate tax lot and is not a portion of any other tax lot that is not a part of the Project.

Section 3.1.19. Assessments. 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 3.1.20. Enforceability. The Bond Documents are not subject to, and the Borrower has not asserted, any right of rescission, setoff, counterclaim or defense, including the defense of usury.

Section 3.1.21. Insurance. The Borrower has obtained the insurance required by Section 6.1 hereof and has delivered to the Servicer copies of insurance policies or certificates of insurance reflecting the insurance coverages, amounts and other requirements set forth in this Loan Agreement and the Mortgage.

Section 3.1.22. 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 rehabilitation 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 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 Mortgage 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 3.1.23. 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 3.1.24. Physical Condition. The Project, including all Improvements, parking facilities, systems, fixtures, Equipment and landscaping, are or, after completion of the rehabilitation, 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 Americans with Disabilities Act, if required under applicable law.

Section 3.1.25. 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 3.1.26. State Law Requirements. The Borrower hereby represents, covenants and agrees to comply with the provisions of all applicable state laws relating to the Bonds and the Project.

Section 3.1.27. 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. 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 Bond Documents have been or will be paid when due.

Section 3.1.28. 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 3.1.29. Fraudulent Transfer. The Borrower has not accepted the Loan or entered into any Bond 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 Bond Documents. Giving effect to the transactions contemplated by the Bond Documents, the fair saleable value of the Borrower's assets exceeds and will, immediately following the execution and delivery of the Bond Documents, exceed the Borrower's total liabilities, including subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower's assets (which assets shall include any cash proceeds held in escrow or pursuant to the Investment Agreement in connection with either the Bonds or subordinate debt of the Project) is and will, immediately following the execution and delivery of the Bond 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 Bond 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 3.1.30. 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 it.

Section 3.1.31. Environmental Matters. To the best of 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 Mortgage. The Borrower will execute and deliver the Agreement of Environmental Indemnification.

Section 3.1.32. Name; Principal Place of Business. Unless prior Written Notice is given to the Issuer, Trustee and Bondholder Representative, 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, and the Borrower has no other place of business, other than the Project and such principal place of business.

Section 3.1.33. Subordinated Debt. There is no secured or unsecured indebtedness with respect to the Project or any residual interest therein, other than Permitted Encumbrances and the permitted secured indebtedness described in Section 5.8, except an unsecured deferred developer fee not to exceed the amount permitted by Bondholder Representative as determined on the Closing Date.

Section 3.1.34. 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 3.1.35. General Tax. All representations, warranties and certifications of the Borrower set forth in the Regulatory Agreement are incorporated by reference herein and the Borrower will comply with such as if set forth herein.

Section 3.1.36. Approval of the Indenture. By its execution and delivery of this Loan Agreement, the Borrower approves the form and substance of the Indenture and the execution thereof by the Issuer and the Trustee, and agrees to carry out the responsibilities and duties specified in the Indenture 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 Bond 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 Issuer, the Trustee, the Bondholder Representative or the Servicer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Bond Documents or otherwise relied on the Issuer, the Trustee, the Bondholder Representative or the Servicer in any manner.

Section 3.1.37. American with Disabilities Act. Borrower hereby certifies that it will comply with the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L. 110 325 and all subsequent amendments (the "ADA"). Borrower will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the ADA. Borrower will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by Borrower, relating to this Loan Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section.

Section 3.1.38. Requirements of Act and Code. The Project satisfies all requirements of the Act and the Code applicable to the Project.

Section 3.1.39. Regulatory Agreement. The Project is, as of the date of issuance of the Bonds, 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 and the Code, and pursuant to leases which comply with all applicable laws.

Section 3.1.40. 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 its interest in the Project or any part of it; 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 Loan Agreement in compliance with the terms of 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 3.1.41. No Reliance on Issuer or Bondholder Representative. Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or Issuer or the Bondholder Representative is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project and its interests therein; and that it has not relied on Issuer or the Bondholder Representative for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Loan Agreement or otherwise relied on Issuer or the Bondholder Representative in any manner.

Section 3.2 Issuer Representations. The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Issuer is a public body, corporate and politic, organized and existing under the laws of the State. The Issuer has authorized the execution and delivery of this Loan Agreement and the Indenture.

(b) The Issuer has determined that the Loan will further the purposes of the Act and will serve the public purposes of the Act referenced in the Resolution.

(c) The Issuer has full power and authority to consummate all transactions contemplated by this Loan Agreement, the Bonds and the Indenture and any and all other agreements relating thereto.

(d) The Issuer will not knowingly take or permit to be taken any action that would adversely affect the excludability from gross income, for federal income tax purposes, of the interest payable on the Bonds.

(e) To the knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation active, pending or threatened against the Issuer by or before any court, governmental agency or public board or body, which (i) affects or questions the existence or the territorial jurisdiction of the Issuer or the title to office of any member of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any of the Issuer Documents, or the issuance, execution or delivery of the Bonds; (iii) affects or questions the validity or enforceability of any of the Issuer Documents or the Bonds; (iv) questions the exclusion from gross income for federal income tax taxation of interest on the Bonds; or (v) questions the power or authority of the Issuer to perform its obligations under any of the Issuer Documents or the Bonds or to carry out the transactions contemplated by any of the Issuer Documents or the Bonds.

Section 3.3 Survival of Representations and Covenants. All of the representations and warranties in Section 3.1 and 3.2 and elsewhere in the Bond 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 Servicer, the Trustee, the Bondholder Representative and the Bondholders notwithstanding any investigation heretofore or hereafter made by the Servicer, the Trustee, the Bondholder Representative or the Bondholders or on its behalf, provided, however, that the representations, warranties and covenants set forth in Section 3.1.31 and 4.10 shall survive in perpetuity and shall not be subject to the exculpation provisions of Section 10.1.

ARTICLE IV

AFFIRMATIVE COVENANTS

During the term of this Loan Agreement, the Borrower hereby covenants and agrees with the Bondholders, the Trustee, the Issuer, the Bondholder Representative and the Servicer that:

Section 4.1 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 in good standing under the laws of the State.

Section 4.2 Taxes and Other Charges. The Borrower shall pay all Taxes and Other Charges as the same become due and payable in accordance with the Mortgage, except to the extent that the amount, validity or application thereof is being contested in good faith as permitted by the Mortgage.

The Borrower covenants to pay all taxes and other charges of any type or character charged to the Issuer or to the Trustee affecting the amount available to the Issuer or the Trustee 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 Trustee or the Issuer and taxes based upon or measured by the net income of the Trustee or the Issuer; provided, however, that the Borrower shall have the right to protest any such taxes or other charges and to require the Issuer or the Trustee, 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 Issuer or the Trustee. This obligation shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Loan Agreement or the Indenture.

Section 4.3 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 Mortgage 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 Mortgage.

Section 4.4 Litigation. The Borrower shall give prompt Written Notice to the Issuer, the Servicer, the Trustee and the Bondholder Representative 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 4.5 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.

Section 4.6 Notices. The Borrower shall promptly advise the Issuer, the Servicer, the Bondholder Representative and the Trustee 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 of the other Bond Document to which it is a party in a timely manner, (iii) the occurrence of any Default or Loan Agreement Default of which the Borrower has knowledge or (iv) the receipt of written notice from the Swap Counterparty if other than Citigroup Financial Products Inc. or an affiliate or the provider of any cap that the unsecured, unsubordinated long term obligations of the Swap Counterparty if other than Citigroup Financial Products Inc. or an affiliate or the provider of any cap, as applicable, are at any time rated below "AA-" by S&P or below "Aa3" by Moody's. If the Borrower becomes subject to federal or state securities law filing requirements, the Borrower shall cause to be delivered to the Servicer, the Trustee and the Bondholder Representative any Securities and Exchange Commission or other public filings, if any, of the Borrower within two (2) business days of such filing.

Section 4.7 Cooperate in Legal Proceedings. The Borrower shall cooperate fully with the Servicer, the Trustee and the Bondholder Representative with respect to, and permit the Servicer, the Trustee and the Bondholder Representative, at their option, to participate in, any proceedings before any Governmental Authority that may in any way affect the rights of Bondholders under any Bond Document.

Section 4.8 Further Assurances. The Borrower shall, at the Borrower's sole cost and expense (except as provided in Section 8.1), (i) furnish to the Servicer and the Bondholder Representative all instruments, documents, boundary surveys, footing or foundation surveys (to the extent that 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, reasonably requested by the Servicer or the Bondholder Representative for the better and more efficient carrying out of the intents and purposes of the

Bond Documents; (ii) execute and deliver to the Servicer and the Bondholder Representative 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 Bonds, as the Servicer and the Bondholder Representative 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 Bond Documents, as the Servicer or the Bondholder Representative 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 Loan or (B) imposing upon the Borrower greater personal liability under the Loan Documents; and (iv) upon the Servicer's or the Bondholder Representative's request therefor given from time to time after the occurrence of any Default or Loan Agreement Default for so long as such Default or Loan Agreement 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 or the Bondholder Representative in each of the locations reasonably designated by the Servicer or the Bondholder Representative.

Section 4.9 Delivery of Financial Information. After notice to the Borrower of a Secondary Market Disclosure Document, the Borrower shall, concurrently with any delivery to the Servicer, deliver copies of all financial information required under Article VIII.

Section 4.10 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 Mortgage), (b) promptly notify the Servicer, the Trustee, the Bondholder Representative and the Issuer if the Borrower shall become aware that any Hazardous Materials (as defined in the Mortgage) is 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 Mortgage or the Agreement of Environmental Indemnification.

Section 4.11 Title to the Project. The Borrower will warrant and defend its fee interest in the title to the Project, and the validity and priority of the Lien of the Mortgage, subject only to Permitted Encumbrances, against the claims of all Persons.

Section 4.12 Issuer's Annual Fees. The Borrower covenants to pay the Issuer's Ongoing Fee, payable as set forth in the Regulatory Agreement, and the reasonable fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with this Loan Agreement, the Regulatory Agreement and the other Bond Documents, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving the Bonds, this Loan Agreement, the other Bond 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 loan hereunder or termination of this Loan Agreement or the Indenture.

Section 4.13 Estoppel Statement. The Borrower shall furnish to the Servicer or the Bondholder Representative for the benefit of the Issuer, the Trustee, the Bondholder Representative and the Servicer within ten (10) days after request by the Servicer, with a statement, duly acknowledged and certified, setting forth (i) the unpaid principal of the Note, (ii) the applicable Bond Coupon 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 Bond 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 Servicer or the Bondholder Representative, within 30 days of a request by the Servicer, tenant estoppel certificates from each commercial tenant at the Project in form and substance reasonably satisfactory to the Servicer and the Bondholder Representative; provided that the Servicer and the Bondholder Representative shall not make such requests more frequently than twice in any year.

Section 4.14 Defense of Actions. The Borrower shall appear in and defend any action or proceeding purporting to affect the security for this Loan Agreement hereunder or under the Bond Documents, and shall pay, in the manner required by Section 2.6, all costs and expenses, including the cost of evidence of title and attorneys' fees, in any such action or proceeding in which a Bondholder or the Bondholder Representative may appear. If the Borrower fails to perform any of the covenants or agreements contained in this Loan Agreement or any other Bond Document, or if any action or proceeding is commenced that is not diligently defended by the Borrower which affects any Bondholder's or the Bondholder Representative'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 Bondholders or the Bondholder Representative may make such appearances, disburse such sums and take such action as the Bondholder or the Bondholder Representative deems necessary or appropriate to protect their 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 Bondholders or the Bondholder Representative appears to be prior or superior to the Bond Documents. Neither a Bondholder nor the Bondholder Representative shall have any obligation to do any of the above. The Bondholders or the Bondholder Representative 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 Loan Agreement or any of the other Bond Documents. In the event (i) that the Mortgage is foreclosed in whole or in part or that any Bond 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 Mortgage or any Bond Document in which proceeding the Bondholders or the Bondholder Representative 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 4.15 Expenses. The Borrower shall pay all reasonable expenses incurred by the Issuer, the Trustee, the Bond Purchaser, the Servicer and the Bondholder Representative (except as provided in Section 8.1) in connection with the Bonds, including reasonable fees and expenses of the Issuer's, the Trustee's, the Servicer's, the Bond Purchaser's and the Bondholder Representative's attorneys, environmental, engineering and other consultants, and fees, charges or taxes for the recording or filing of Bond Documents. The Borrower shall pay or cause to be paid all reasonable expenses of the Issuer, the Trustee, the Rebate Analyst, the Servicer and the Bondholder Representative (except as provided in Section 8.1) in connection with the issuance or administration of the Bonds, including audit 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 Issuer, the Trustee, the Servicer and the Bondholder Representative for all reasonable amounts expended, advanced or incurred by the Issuer, the Trustee, the Servicer and the Bondholder Representative to collect the Note, or to enforce the rights of the Issuer, the Bond Purchaser, the Trustee, the Servicer and the Bondholder Representative under this Loan Agreement or any other Loan Document, or to defend or assert the rights and claims of the Issuer, the Bond Purchaser, the Trustee, the Servicer and the Bondholder Representative under the Bond Documents arising out of a Loan Agreement Default or with respect to the Project (by litigation or other proceedings) arising out of a Loan Agreement 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 Issuer, the Trustee, the Servicer and the Bondholder Representative 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 Issuer, the Trustee, the Servicer and the Bondholder Representative, all of which shall constitute part of the Loan and shall be secured by the Bond Documents. The obligations and liabilities of the Borrower under this Section 4.15 shall survive the Term of this Loan Agreement and the exercise by the Issuer, the Servicer, the Bondholder Representative or the Trustee, as the case may be, of any of its rights or remedies under the Bond 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 negligence of the Trustee, the willful misconduct of the Issuer 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 Section 18(i) of the Mortgage.

The Borrower shall not be responsible for any costs associated with any securitization of the Bonds.

Section 4.16 Servicing Agreement. Borrower shall be responsible for the payment of the ongoing servicing fees relating to or arising under the Servicing Agreement in a monthly amount not to exceed one-twelfth of **[**five-one hundredths of one percent (0.05%)**]** of the outstanding balance of the Bonds, payable monthly in arrears, together with any reasonable set-up fees with respect thereto.

Section 4.17 Indemnity. To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer, its governing body, employees and the members thereof, the Sponsoring Political Subdivision, the Bondholder Representative, the Servicer and the Trustee and each of their respective officers, governing members, directors, officials, employees, attorneys and agents (each an "Indemnified Party"), against any and all 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") 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:

(i) The Bond Documents and the Swap Agreement or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance, sale, transfer or resale of the Bonds, except with respect to any Secondary Market Disclosure Document (other than any Borrower's obligations under Article VIII);

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

(iii) Any lien (other than a permitted encumbrance) or charge upon payments by the Borrower to the Issuer and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Trustee in respect of any portion of the Project;

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

(v) The enforcement of, or any action taken by the Issuer, the Trustee or the Bondholder Representative related to remedies under, this Loan Agreement, the Indenture and the other Bond Documents;

(vi) The defeasance and/or redemption, in whole or in part, of the Bonds;

(vii) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any offering statement or document for the Bonds or any of the Bond Documents to which the Borrower is a party, or any omission or alleged omission from any offering statement or document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading;

(viii) Any declaration of taxability of interest on the Bonds or allegations (or regulatory inquiry) that interest on the Bonds is taxable for federal income tax purposes; and

(ix) The Trustee's acceptance or administration of the trust of the Indenture, or the Trustee's exercise or performance of or failure to exercise or perform any of its powers or duties thereunder or under any of the Bond Documents to which it is a party.

Except (A) in the case of the foregoing indemnification of (1) the Bondholder Representative 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, or (2) in the case of the Trustee or any related Indemnified Party, the negligence or willful misconduct of the Trustee, or any breach by such party of its obligations under any of the Bond Documents or any untrue statement or misleading statement of a material fact by such Indemnified Party contained in any offering statement or document for the Bonds or any of the Bond Documents or any omission or alleged omission from any such offering statement or document of any material fact necessary to be stated therein in order to make the statements made therein by such Indemnified Party not misleading; or (B) in the case of the foregoing indemnification of the Issuer or any related Indemnified Party or the Sponsoring Political Subdivision or any related Indemnified Party, they shall not be indemnified by the Borrower with respect to liabilities arising from their own bad faith, fraud or willful misconduct. Notwithstanding anything herein to the contrary, the Borrower's indemnification obligations to the parties specified in Section 8.1.4 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 right 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; provided however the Sponsoring Political Subdivision and the Issuer have the absolute right to employ separate counsel at the expense of the Borrower. The Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party other than the Issuer or the Sponsoring Political Subdivision 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 except that the Borrower shall always pay the reasonable fees and expenses of the Issuer's or the Sponsoring Political Subdivision's separate counsel.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Agreement or the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Issuer, the Trustee and the

Bondholder Representative have consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section 10.3 shall survive the final payment or defeasance of the Bonds and in the case of the Trustee, Servicer or Bondholder Representative, as applicable, any resignation or removal. The provisions of this Section shall survive the termination of this Loan Agreement.

Nothing in this Section 4.17 shall in any way limit the Borrower's indemnification and other payment set forth in the Regulatory Agreement.

Section 4.18 No Warranty of Condition or Suitability by the Issuer. The Issuer makes no 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. THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION 4.18 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT.

Section 4.19 Right of Access to the Project. The Borrower agrees that the Issuer, the Trustee, the Servicer and the Bondholder Representative, and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but not the obligation, at all reasonable times during business hours and upon reasonable notice, 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 Loan Agreement. The Issuer, the Trustee, the Servicer, the Bondholder Representative, 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 4.20 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 within its direct or indirect control which, if taken or omitted, respectively, would adversely affect the exclusion of interest on the Bonds 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 Loan Agreement, the Mortgage and the Regulatory Agreement, as may be necessary, in the opinion of Bond 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 Bonds or affecting the Project. Capitalized terms used in this Section 4.20 shall have the respective meanings assigned to them in the Regulatory Agreement or, if not defined therein, in the Indenture. With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that, prior to the final maturity of the Bonds, unless it has received and filed with the Issuer and the Trustee a Bond Counsel No Adverse Effect Opinion (other than with respect to interest on any Bond for a period during which such Bond is held by a "substantial user" of any facility financed with the proceeds of the Bonds or a "related person," as such terms are used in Section 147(a) of the Code), the Borrower will comply with this Section 4.20.

(b) Use of Proceeds. The use of the Net Proceeds of the Bonds at all times will satisfy the following requirements:

(i) Limitation on Net Proceeds. At least 95% of the net proceeds of the Bonds (within the meaning of the Code) 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 Issuance. The proceeds of the Bonds will be expended for the purposes set forth in this Loan Agreement and in the Indenture and no portion thereof in excess of 2% of the proceeds of the Bonds, within the meaning of Section 147(g) of the Code, will be expended to pay Costs of Issuance of the Bonds.

(iii) Prohibited Facilities. The Borrower shall not use or permit the use of any proceeds of the Bonds 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 Bonds 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 Bonds be used, directly or indirectly, for the acquisition of land or an interest therein to be used for farming purposes.

(v) Limitation on Existing Facilities. No portion of the Net Proceeds of the Bonds will be used for the acquisition of any existing property or an interest therein unless (A) the first use of such property is pursuant to such acquisition or (B) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed 15% of the cost of acquiring such building financed with the proceeds of the Bonds (with respect to structures other than buildings, this clause shall be applied by substituting 100% for 15%). For purposes of the preceding sentence, the term "rehabilitation expenditures" shall have the meaning set forth in Section 147(d)(3) of the Code.

(vi) Accuracy of Information. The information furnished by the Borrower and used by the Issuer in preparing its certifications with respect to Section 148 of the Code and the Tax Certificate and the Borrower's information statement pursuant to Section 149(e) of the Code is accurate and complete as of the date of the issuance of the Bonds.

(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 adoption of the resolution of the Issuer with respect to the Project on July 9, 2013, and no obligation for which reimbursement will be sought from proceeds of the Bonds 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.

(c) Limitation on Maturity. The average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project to be financed by the Bonds, 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 Bonds. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (i) the Closing Date for the Bonds or (ii) 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 Bonds 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 any Bonds to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code. Except as provided in the Indenture and this 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 Loan Agreement or the Note relating to the Bonds, shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of the Bonds, unless the Borrower has obtained in each case a Bond Counsel No Adverse Effect Opinion with respect to such action, a copy of which shall be provided to the Issuer. The Borrower shall not, at any time prior to the final maturity of the Bonds, direct or permit the Trustee to invest Gross Proceeds 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 Bonds 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 and will take all action reasonably required to insure that the Trustee complies with all applicable requirements of said Section 148 and the rules and Regulations thereunder relating to the Bonds and the interest thereon, including the employment of a Rebate Analyst acceptable to the Issuer and the Bondholder Representative 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 prior to the Computation Date, annually not later than forty-five days after the anniversary of the Closing Date and subsequent to the Computation Date, not later than forty-five days after the fifth anniversary of the Closing Date and each five years thereafter 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 Issuer and Bondholder Representative.

(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 Bonds 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 Bond Counsel all documents, instruments and written information requested by Bond Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Bond Counsel, which have been reasonably relied upon by Bond Counsel in rendering its opinion with respect to the exclusion from gross income of the interest on the Bonds 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 Bond Counsel has not requested.

(g) Program Covenant. Neither the Borrower nor any Related Person is, or will be, a party to any agreement, formal or informal, pursuant to which it has or will purchase the Bonds in an amount related to the amount of the Loan made to the Borrower pursuant to this Loan Agreement unless the Borrower or such Related Person provides a Bond Counsel No Adverse Effect Opinion to the Issuer with respect to such arrangement.

(h) Arbitrage Rebate. The Borrower agrees to take all steps necessary to compute and pay any rebatable arbitrage 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 Trustee, 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 4.20 of an amount described in Section 4.20(h)(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 Issuer or the Trustee), the Borrower shall (1) pay to the Trustee (for deposit to the Rebate Fund) and cause the Trustee 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 Trustee 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 Bonds 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 the Indenture and all calculations made in preparing the statements described in this Section 4.20 for at least six years after the later of the final maturity of the Bonds or the date the last Bonds are discharged.

(iv) Costs. The Borrower agrees to pay all of the fees and expenses of a nationally recognized Bond Counsel, the Rebate Analyst a certified public accountant and any other necessary consultant employed by the Borrower, the Trustee or the Issuer 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 Bonds which is not purchased at fair market value or includes terms that the Borrower would not have included if the Bonds were not subject to Section 148(f) of the Code.

(vi) Modification of Requirements. If at any time during the term of this Loan Agreement, the Issuer, the Trustee or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section 4.20, such Person shall be permitted to take such action if it shall first obtain and provide to the other Persons named herein a Bond Counsel No Adverse Effect Opinion with respect to such action.

(i) Qualified Residential Rental Project. The Borrower hereby covenants and agrees that the Project 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 Bond remains outstanding, to the end that the interest on the Bonds 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.

(j) 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 Bonds to be filed with the Internal Revenue Service within prescribed time limits.

(k) Bonds Are Not Hedge Bonds. The Borrower covenants and agrees that not more than 50% of the proceeds of the Bonds 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 Bonds will be used to carry out the governmental purposes of the Bonds within the three-year period beginning on the Closing Date.

(l) Termination of Restrictions. Although the parties hereto recognize that, subject to the provisions of the Regulatory Agreement, the provisions of this Loan Agreement shall terminate in accordance with Section 9.25 of this Loan Agreement, the parties hereto recognize that pursuant to the Regulatory Agreement, certain requirements, including the requirements incorporated by reference in this Section 4.20, may continue in effect beyond the term hereof.

(m) Public Approval. The Borrower covenants and agrees that the proceeds of the Bonds 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 Bonds.

(n) [40/60] Test Election. The Borrower and the Issuer 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.

(o) Modification of Tax Covenants. Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Section 4.20 may not be amended, changed, modified, altered or terminated except as permitted herein and by the Indenture and with the written consent of the Issuer and the Bondholder Representative. Anything contained in this Loan Agreement or the Indenture to the contrary notwithstanding, the Issuer, the Trustee and the Borrower hereby agree to amend this Loan Agreement and, if appropriate, the Indenture and the Regulatory Agreement, to the extent required, in the opinion of Bond Counsel, in order for interest on the Bonds to remain excludable from gross income for federal income tax purposes. The party requesting such amendment, which may include the Bondholder Representative, shall notify the other parties to this Loan Agreement of the proposed amendment and send a copy of such requested amendment to Bond Counsel. After review of such proposed amendment, Bond Counsel shall render to the Trustee an opinion as to the effect of such proposed amendment upon the includability of interest on the Bonds 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 Issuer and, where applicable, the Trustee per written instructions from the Issuer 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 Trustee, necessary to effectuate the intent of this Section 4.20, and the Borrower and the Issuer hereby appoint the Trustee as their true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower or the Issuer, as is applicable, any such document or instrument (in such form as may be approved by and upon instruction of Bond Counsel) if either the Borrower or the Issuer defaults in the performance of its obligation under this Section 4.20; provided, however, that the Trustee shall take no action under this Section without first notifying the Borrower or the Issuer, as is applicable, of its intention to take such action and providing the Borrower or the Issuer, as is applicable, a reasonable opportunity to comply with the requirements of this Section 4.20.

The Borrower irrevocably authorizes and directs the Issuer, the Trustee and any other agent designated by the Issuer to make payment of such amounts from funds of the Borrower, if any, held by the Issuer, the Trustee, or any agent of the Issuer or the Trustee. 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 the Bonds in an amount related to the amount of the Loan.

(p) Incorporation of Tax Certificate. The representations of the Borrower in the Tax Certificate are incorporated by reference herein as if fully set forth herein. The Borrower covenants to comply with all provision of the Tax Certificate.

Section 4.21 Covenants under Indenture. The Borrower will fully and faithfully perform all the duties and obligations which the Issuer has covenanted and agreed in the Indenture to cause the Borrower to perform and any duties and obligations which the Borrower is required in the Indenture to perform. The foregoing will not apply to any duty or undertaking of the Issuer, which by its nature cannot be delegated or assigned.

Section 4.22 Notice of Default. The Borrower will advise the Issuer, the Trustee, the Bondholder Representative and the Servicer promptly in writing of the occurrence of any Default or Loan Agreement 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.

Section 4.23 Covenant with Bondholders. The Issuer and the Borrower agree that this Loan Agreement is executed and delivered in part to induce the purchase by others of the Bonds and, accordingly, all covenants and agreements of the Issuer and the Borrower contained in this Loan Agreement are hereby declared to be for the benefit of the Trustee, the Bondholder Representative and the Holder of the Bonds from time to time. Notwithstanding the foregoing, the Bondholder’s rights to enforce this provision of this Loan Agreement are governed by the terms of the Indenture.

Section 4.24 Continuing Disclosure Agreement. To the extent applicable, the Borrower and the Dissemination Agent (as defined in the Continuing Disclosure Agreement) shall enter into the Continuing Disclosure Agreement to provide for the continuing disclosure of information about the Bonds, the Borrower and other matters as specifically provided for in such agreement. For the purposes of the Continuing Disclosure Agreement only, the Dissemination Agent shall act as the agent of the Borrower and not as the agent of the Issuer. The consent of the Issuer shall be required to each amendment to, or modification of, the Continuing Disclosure Agreement, which consent shall not be unreasonably withheld. The duties and obligations of the Dissemination Agent under the Continuing Disclosure Agreement shall be as set forth in the Continuing Disclosure Agreement, and the Dissemination Agent shall be responsible only for its express duties and obligations set forth in the Continuing Disclosure Agreement. A default under any Continuing Disclosure Agreement shall not be a default under the Indenture, this Loan Agreement or any of the other Bond Documents.

Section 4.25 Obligation of the Borrower to Rehabilitate the Project. The Borrower shall proceed with reasonable dispatch to rehabilitate and equip the Project. If amounts on deposit in the Project Fund designated for the Project and available to be disbursed to the

Borrower are not sufficient to pay the costs of such rehabilitation and equipping, the Borrower shall pay such additional costs from its own funds (including proceeds of subordinate debt). The Borrower shall not be entitled to any reimbursement from the Issuer, the Trustee, the Servicer, the Bondholder Representative or any Bondholder in respect of any such costs or to any diminution or abatement in the repayment of the Loan. The Issuer shall not be liable to the Borrower, the Bondholders or any other person if for any reason the Project is not completed or if the proceeds of the Loan are insufficient to pay all costs of the Project. The Issuer does not make any representation or warranty, either express or implied, that moneys, if any, which will be paid into the Project Fund or otherwise made available to the Borrower will be sufficient to complete the Project, and the Issuer shall not be liable to the Borrower, the Bondholders or any other person if for any reason the Project is not completed.

ARTICLE V

NEGATIVE COVENANTS

Until the end of the Term, the Borrower covenants and agrees that it will not, directly or indirectly:

Section 5.1 Management Agreement. Without first obtaining the Bondholder Representative's prior Written Consent, enter into the Management Agreement, and thereafter the Borrower shall not, without the Bondholder Representative's prior Written Consent (which consent shall not be unreasonably withheld) 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 5.2 Liens. Without the Bondholder Representative's prior Written Consent, create, incur, assume, permit or suffer to exist any mechanic's, materialmen's or other Lien on any portion of the Project, except Permitted Encumbrances, unless such Lien is bonded or discharged within 30 days after the Borrower first receives notice of such Lien or unless the Borrower is contesting such Lien in accordance with the Mortgage.

Section 5.3 Dissolution. Dissolve or liquidate, in whole or in part, merge with or consolidate into another Person.

Section 5.4 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 of the Project).

Section 5.5 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 5.6 Assets. Purchase or own any real property or personal property incidental thereto other than the Project.

Section 5.7 Transfers. Make, suffer or permit the occurrence of any Transfer other than a transfer permitted under the Mortgage, nor transfer any material License required for the operation of the Project.

Section 5.8 Debt. Other than as expressly approved in writing by the Bondholder Representative, 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) secured indebtedness incurred pursuant to or permitted by the Bond Documents, (iii) trade payables incurred in the ordinary course of business, and (iv) the Subordinate Loans.

Section 5.9 Assignment of Rights. Without the Bondholder Representative's prior Written Consent, attempt to (i) assign the Borrower's rights or interest under any Bond Document in contravention of any Bond Document or (ii) surrender the Borrower's fee interest in the Land.

Section 5.10 Principal Place of Business. Change its principal place of business without providing 30 days' prior Written Notice of the change to the Trustee, the Servicer and the Bondholder Representative.

Section 5.11 Partnership Agreement. Without the Bondholder Representative'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.

Section 5.12 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 5.13 No Hedging Arrangements. Without the prior written consent of the Bondholder Representative or unless otherwise required by this 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.

ARTICLE VI

INSURANCE; CASUALTY; AND CONDEMNATION

Section 6.1 Insurance. The Borrower, at its sole cost, for the mutual benefit of the Borrower and the Trustee, as representative of the Bondholders, shall obtain and maintain during the Term the policies of insurance required by Section 19 of the Mortgage. All policies of insurance required pursuant to this Section shall conform to the requirements set forth in the Mortgage. The Borrower shall deliver to the Servicer a certified copy of each policy within 30 days after its effective date.

Section 6.2 Casualty. If the Project is damaged or destroyed, in whole or in any material respect, by fire or other casualty (a "Casualty"), the Borrower shall give prompt notice thereof to the Servicer, the Bondholder Representative, the Trustee, and the Issuer.

Section 6.3 Condemnation. The Borrower shall promptly give the Servicer, the Issuer, the Bondholder Representative and the Trustee notice of the actual or threatened commencement of any Condemnation proceeding affecting the Project and shall deliver to the Servicer, the Issuer, the Bondholder Representative and the Trustee copies of any and all papers served in connection with such Condemnation.

ARTICLE VII

DEFAULTS

Section 7.1 Loan Agreement Defaults. Each of the following events shall constitute a "Loan Agreement Default":

(a) failure by the Borrower to pay any Loan Payment or Additional Payment on the date such payment is due;

(b) failure by the Borrower to prepay the Note on the date such payment is due as required by Section 2.11;

(c) failure by or on behalf of the Borrower to pay when due any amount (other than as provided in subsection (a) or (b) above) required to be paid by the Borrower under this Loan Agreement, the Note, the Mortgage or any of the other Bond 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 five (5) days after Written Notice thereof shall have been given to the Borrower;

(d) a Transfer other than a transfer permitted under the Mortgage occurs;

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

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

(g) an event of default of the Borrower as defined or described in any other Bond Document to which the Borrower is a party occurs and any applicable notice and or cure period has expired;

(h) the Borrower shall continue to be in Default under any of the other terms, covenants or conditions of this Loan Agreement (other than paragraphs (a)-(g) above) for 30 days after notice from the Trustee, the Bondholder Representative or the Servicer in the case of such other Default; provided, however, that if such other Default under this paragraph (i) is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, and the Borrower shall have commenced to cure such Default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (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 Default, such additional period not to exceed 60 (sixty) days;

(i) 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, 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 21 of the Mortgage; which, in the case of a non-profit Borrower Controlling Entity, may be replaced within sixty (60) days of such event with another non-profit Borrower Controlling Entity acceptable to the Bondholder Representative, in which case no Loan Agreement Default shall be deemed to have occurred; or

(j) an event of default or termination event pertaining to the Borrower as defined in and pursuant to the Swap Agreement occurs and any applicable notice and or cure period has expired.

After a Responsible Officer of the Trustee obtains actual knowledge of the occurrence of a Loan Agreement Default, the Trustee shall give Written Notice thereof to the Issuer, the Borrower, the Bondholder Representative and the Servicer.

Section 7.2 Remedies.

Section 7.2.1. Acceleration. Upon the occurrence of a Loan Agreement Default (other than a Loan Agreement Default described in paragraph (f) or (g) of Section 7.1) and at any time and from time to time thereafter, as long as such Loan Agreement Default continues to exist, in addition to any other rights or remedies available to the Trustee pursuant to the Bond

Documents or at law or in equity, the Trustee shall, at the Written Direction of the Bondholder Representative, take such action, without notice or demand, as the Bondholder Representative 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 Note to be immediately due and payable), without notice or demand, and apply such payment of the Borrower Payment Obligations to the redemption of the Bonds pursuant to Section 6.4 of the Indenture; and upon any Loan Agreement Default described in paragraph (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 Bond Document to the contrary notwithstanding. Notwithstanding anything herein to the contrary, enforcement of remedies hereunder and under the Indenture shall be controlled by the Bondholder Representative.

Section 7.2.2. Remedies Cumulative. Upon the occurrence of a Loan Agreement Default, all or any one or more of the rights, powers, privileges and other remedies available to the Trustee against the Borrower under the Bond Documents or at law or in equity may be exercised by the Trustee, at the Written Direction of the Bondholder Representative, 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 Trustee or the Bondholder Representative shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Bond Documents. Any such actions taken by the Trustee or the Bondholder Representative shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Bondholder Representative 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 Trustee or the Bondholder Representative permitted by law, equity or contract or as set forth in the Bond Documents. Without limiting the generality of the foregoing, the Borrower agrees that if a Loan Agreement Default is continuing, all Liens and other rights, remedies or privileges provided to the Trustee and Bondholder Representative shall remain in full force and effect until they have exhausted all of its remedies, the Mortgage has been foreclosed, the Project has been sold and/or otherwise realized upon satisfaction of the Borrower Payment Obligations or the Borrower Payment Obligations has been paid in full. To the extent permitted by applicable law, nothing contained in any Bond Document shall be construed as requiring the Trustee or Bondholder Representative 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 Trustee or Bondholder Representative may seek satisfaction out of the entire Project or any part thereof, in its absolute discretion.

Notwithstanding any provision herein to the contrary, the Issuer, the Trustee and the Bondholder Representative agree that any cure of any default made or tendered by the Investor Limited Partner 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 7.2.3. Delay. No delay or omission to exercise any remedy, right, power accruing upon a Loan Agreement Default, or the granting of any indulgence or compromise by the Trustee or the Bondholder Representative 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 Default or Loan Agreement Default shall not be construed to be a waiver of any subsequent Default or Loan Agreement Default or to impair any remedy, right or power consequent thereon. Notwithstanding any other provision of this Loan Agreement, the Trustee and the Bondholder Representative reserve the right to seek a deficiency judgment or preserve a deficiency claim, in connection with the foreclosure of the Mortgage to the extent necessary to foreclose on other part of the Project, the Rents, the funds or any other collateral.

Section 7.2.4. Bondholder Representative's Right to Perform the Obligations. If the Borrower shall fail, refuse or neglect to make any payment or perform any act required by the Bond Documents, then while any Loan Agreement Default exists, and without notice to or demand upon the Borrower and without waiving or releasing any other right, remedy or recourse the Trustee or the Bondholder Representative may have because of such Loan Agreement Default, the Bondholder Representative may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of the Borrower, and shall have the right to enter upon the Project for such purpose and to take all such action thereon and with respect to the Project as it may deem necessary or appropriate. If the Bondholder Representative shall elect to pay any sum due with reference to the Project, the Bondholder Representative may do so in reliance on any bill, statement or assessment procured from the appropriate governmental authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created by the Bond Documents, the Bondholder Representative shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same. All sums paid by the Bondholder Representative pursuant to this Section 7.2.4, and all other sums expended by the Bondholder Representative, to which it shall be entitled to be indemnified, together with interest thereon at the Default Rate from the date of such payment or expenditure until paid, shall constitute additions to all amounts payable with respect to the Bonds, shall be secured by the Bond Documents and shall be paid by the Borrower to the Bondholder Representative upon demand.

Section 7.2.5. Trustee's Exercise of the Issuer's Remedies. Whenever any Loan Agreement Default shall have occurred and be continuing, the Trustee may at the Written Direction of the Bondholder Representative, but shall not be obligated to, exercise any or all of the rights of the Issuer under this Article, upon notice as required of the Issuer unless the Issuer has already given the required notice. In addition, the Trustee shall have available to it all of the remedies prescribed by the Indenture. Notwithstanding anything herein to the contrary, the Issuer may not exercise any remedies available to the Issuer against the Borrower under the Bond Documents or at law or in equity in order to enforce its Unassigned Issuer Rights, other than the remedy of specific performance, without the consent of the Bondholder Representative.

Section 7.2.6. Assumption of Obligations. In the event that the Trustee, the Bondholder Representative or the Bondholders or their respective 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 this Loan Agreement, the Note, the Regulatory Agreement, and any other Bond 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 a Loan Agreement Default, rights and remedies may be pursued pursuant to the terms of the Bond Documents. The parties hereto acknowledge that, among the possible outcomes to the pursuit of such remedies, is the situation where the Trustee, the Bondholder Representative or the Bondholders or their respective assignees or designees becomes the owner of the Project and exercises it right, in its sole discretion, to assume the obligations identified above, and the Note, the Bonds and the other Bond Documents remain outstanding.

Section 7.2.7. Right to Directly Enforce. Notwithstanding any other provision hereof to the contrary, the Bondholder Representative shall have the right to directly enforce all rights and remedies hereunder with or without involvement of the Trustee, provided that only the Issuer may enforce the Unassigned Issuer's Rights subject to Section 7.2.5 and Section 2.2. In the event that any of the provisions set forth in this Section 7.2.7 are inconsistent with the covenants, terms and conditions of the Mortgage, the covenants, terms and conditions of the Mortgage shall prevail.

ARTICLE VIII

SPECIAL PROVISIONS

Section 8.1 Sale of Note and Secondary Market Transaction.

Section 8.1.1. Cooperation. At the Servicer or Bondholder Representative's request (to the extent not already required to be provided by the Borrower under this Loan Agreement), the Borrower shall use reasonable efforts to satisfy the market standards to which the Servicer or Bondholder Representative customarily adheres or which may be reasonably required in the marketplace or by the Servicer or Bondholder Representative in connection with one or more sales or assignments of the Bonds or participations therein or securitizations of single or multi-class securities (the "Securities") secured by or evidencing ownership interests in the Bonds (each such sale, assignment and/or securitization, a "Secondary Market Transaction"); provided that neither the Borrower nor the Issuer 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 including, without limitation, any costs associated with receiving a rating on the Bonds, shall be paid by the Servicer or Bondholder Representative, and shall not materially modify Borrower's rights or obligations. Without limiting the generality of the foregoing, the Borrower shall, so long as the Loan is still Outstanding:

(a) (i) provide such financial and other information with respect to the Bonds, 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 Servicer or Bondholder Representative, 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 Servicer or Bondholder Representative 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 Servicer or Bondholder Representative pursuant to this paragraph (a) being called the "Provided Information"), together, if customary, with appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Servicer or Bondholder Representative 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 and the Bond Documents reasonably acceptable to the Servicer or Bondholder Representative, consistent with the facts covered by such representations and warranties as they exist on the date thereof; and

(c) execute such amendments to the Bond Documents to accommodate such Secondary Market Transaction so long as such amendment does not affect the material economic terms of the Bond Documents and is not otherwise adverse to such party 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), with the Servicer and Bondholder Representative 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 Bondholder Representative pertaining to the Borrower, the Project or such third party (and portions of any other sections reasonably requested by the Bondholder Representative pertaining to the Borrower, the Project or the third party). The Borrower shall, if requested by the Servicer and Bondholder Representative, 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 Bondholder Representative, the Servicer, the Bond Purchaser, the Trustee and the Issuer 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 Bondholder Representative, the Servicer, the Bond Purchaser, the Trustee, the Issuer, its governing body and the members thereof, the Sponsoring Political Subdivision, and the underwriter group for any securities (the "Underwriter Group") for any Liabilities to which Bondholder Representative, the Servicer, the Bond Purchaser, the Trustee 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 Servicer, the Bondholder Representative, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Servicer, the Bondholder Representative 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 parties.

Section 8.1.5. Indemnification Procedure. Promptly after receipt by an indemnified party under Sections 8.1.3 and 8.1.4 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 and assumption by the Borrower of the defense of such indemnified party, 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 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, 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 11(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: (i) the indemnified parties and the Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) 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 Bond Document (a "notice") shall be given in the manner and under the conditions set forth in the Indenture, addressed to the appropriate party at the address set forth in Section 15.1 of the Indenture.

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 Loan, other than those disclosed to the Bondholder Representative and whose fees shall be paid by the Borrower pursuant to separate agreements. The Borrower and the Bondholder Representative 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 Loan Agreement and the repayment of the Borrower Payment Obligations.

Section 9.3 Survival. This Loan Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the Issuer of the Loan and the execution and delivery to the Trustee of the Note, 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 Loan Agreement shall inure to the benefit of the respective legal representatives, successors and assigns of the Issuer, the Servicer, the Bondholder Representative or the Trustee on behalf of the Bondholders.

Section 9.4 Governing Law. This Loan Agreement shall be governed by the internal laws of the State.

Section 9.5 Modification, Waiver in Writing. No modification, amendment, extension, discharge, termination or waiver of any provision of this Loan Agreement or of any other Bond Document, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to or demand on the Borrower shall entitle the Borrower to any other or future notice or demand in the same, similar or other circumstances.

Section 9.6 Delay Not a Waiver. Neither any failure nor any delay on the part of the Servicer, the Trustee or the Bondholder Representative in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder, or under any other Bond Document, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under any Bond Document, the Trustee, the Servicer and the Bondholder Representative shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under the Bond Documents, or to declare an Event of Default or a Loan Agreement Default for failure to effect prompt payment of any such other amount.

Section 9.7 Trial by Jury. To the extent permitted by law, the Borrower hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to the Bond Documents, or any claim, counterclaim or other action arising in connection therewith. This waiver of right to trial by jury is given knowingly and voluntarily by the Borrower, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue. The Servicer, the Issuer, the Trustee or Bondholder Representative is hereby authorized to file a copy of this paragraph in any proceeding as conclusive evidence of this waiver by the Borrower. This Section in no way affects the right of the Issuer to elect a trial by jury.

Section 9.8 Headings. The Section headings in this Loan Agreement are included herein for convenience of reference only and shall not constitute a part of this Loan Agreement for any other purpose.

Section 9.9 Severability. Wherever possible, each provision of this Loan Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Loan Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Loan Agreement.

Section 9.10 Preferences. The Trustee 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 Servicer or the Trustee, or the Servicer or the Trustee 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 Servicer or the Trustee.

Section 9.11 Waiver of Notice. The Borrower shall not be entitled to any notices of any nature whatsoever from the Issuer, the Servicer, the Bondholder Representative or the Trustee except with respect to matters for which this Loan Agreement or any other Bond Document specifically and expressly provides for the giving of notice by the Issuer, the Servicer, the Bondholder Representative or the Trustee, 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 Issuer, the Servicer, the Bondholder Representative or the Trustee as the case may be with respect to any matter for which no Bond Document specifically and expressly provides for the giving of notice by the Issuer, the Servicer, the Bondholder Representative or the Trustee to the Borrower.

Section 9.12 Prior Agreements. This Loan Agreement and the other Bond Documents contain the entire agreement of the parties hereto and thereto in respect of the Loan and the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written, are superseded by the terms of this Loan Agreement and the other Bond Documents.

Section 9.13 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 Trustee, the Bondholder Representative or the Servicer with respect to a Loan Payment. Any assignee of Bondholders' interest in and to the Bond Documents shall take the same free and clear of all offsets, counterclaims or defenses that are unrelated to the Bond 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 9.14 Publicity. The Servicer and the Bondholder Representative (and any Affiliates of either party) shall have the right to issue press releases, advertisements and other promotional materials describing the Servicer or Bondholder Representative's participation in the purchasing of the Bonds or the Bonds' inclusion in any Secondary Market Transaction effectuated by the Servicer or Bondholder Representative or one of its 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 Bond Documents, the Loan, the Bondholder Representative, the Servicer or the Trustee in a Secondary Market Transaction, shall be subject to the prior Written Consent of the Servicer or the Bondholder Representative, as applicable.

Section 9.15 No Usury. The Borrower, the Issuer, the Trustee and the Servicer intend at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits a party to contract for, charge, take, reserve or receive a greater amount of interest than under state law) and that this Section 9.15 shall control every other agreement in the Bond Documents. If the applicable law (state or federal) is ever judicially interpreted so as to render usurious any amount called for under the Note or any other Bond Document, or contracted for, charged, taken, reserved or received with respect to the Borrower Payment Obligations, or if the Trustee's acceleration of the maturity of the Loan or any prepayment by the Borrower or any premium or Late Charge results in the Borrower having paid any interest in excess of that permitted by applicable law, then it is the parties' express intent that all excess amounts theretofore collected by the Servicer or the Trustee shall be credited against the unpaid Principal and all other elements of the Borrower Payment Obligations (or, if the Borrower Payment Obligations has been or would thereby be paid in full, refunded to the Borrower), and the provisions of the Bond Documents immediately be deemed reformed and the amounts thereafter collectible thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for thereunder. All sums paid or agreed to be paid to the Servicer or the Trustee for the use, forbearance or detention of the Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the maximum lawful rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding. Notwithstanding anything to the contrary contained in any Bond Document, it is not the intention of the Trustee to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

Section 9.16 Construction of Documents. The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Bond Documents and that the Bond Documents shall not be subject to the principle of construing their meaning against the party that drafted them.

Section 9.17 No Third Party Beneficiaries. The Bond Documents are solely for the benefit of Bondholders, the Issuer, the Trustee, the Bondholder Representative, the Servicer, the Bond Purchaser and the Borrower and, with respect to Sections 8.1.3 and 8.1.4, the Underwriter Group, and nothing contained in any Bond Document shall be deemed to confer upon anyone other than the Bondholders, the Issuer, the Trustee, the Bondholder Representative, 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 9.18 Assignment. To the extent allowable under the Indenture, the Bonds, the Mortgage, the Bond Documents and all Bondholders' or the Bondholder Representative's rights, title, obligations and interests therein may be assigned by the Bondholder Representative or the Bondholders, 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. Upon such assignment, all references to Bondholders or Bondholder Representative in this Loan Agreement and in any Bond 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 Bondholder Representative or subsequent Bondholders. The Borrower may not assign its rights, interests or obligations under this Loan Agreement or under any of the Bond Documents, except only as may be expressly permitted hereby.

Section 9.19 Consents. Wherever in this Loan Agreement it is provided that the Issuer, the Servicer, the Bondholder Representative or the Trustee shall, may or must give its approval or consent, or execute supplemental agreements or schedules, the Issuer, the Servicer, the Bondholder Representative or the Trustee may not unreasonably or arbitrarily withhold, delay or refuse such approvals or consents, unless otherwise provided herein or in any of the other Bond Documents.

Section 9.20 Issuer, Trustee, Servicer, Bondholder Representative and Bond Purchaser Not in Control; No Partnership. None of the covenants or other provisions contained in this Loan Agreement shall, or shall be deemed to, give the Issuer, the Trustee, the Servicer, the Bondholder Representative or the Bond Purchaser the right or power to exercise control over the affairs or management of the Borrower, the power of the Issuer, the Trustee, the Servicer, the Bondholder Representative and the Bond Purchaser being limited to the rights to exercise the remedies referred to in the Bond Documents. The relationship between the Borrower and the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholders is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Bond 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 Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser or any Bondholder or to create an equity in the Project in the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser or any Bondholder. Neither the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser nor any Bondholder undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Project or the Loan, except as expressly provided in the Bond Documents; and notwithstanding any other provision of the Bond Documents: (i) the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholders 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 Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholders do not intend to ever assume such status; (ii) the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholders shall in no event be liable for any the Borrower Payment Obligations, expenses or losses incurred or sustained by the Borrower; and (iii) the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholders 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 Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser, the Bondholders and the Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser, the Bondholders and the Borrower, or to create an equity in the Project in the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchasers or the Bondholders, or any sharing of liabilities, losses, costs or expenses.

Section 9.21 Time of the Essence. Time is of the essence with respect to this Loan Agreement.

Section 9.22 References to Bondholder Representative. The provisions of Section 15.5 of the Indenture pertaining to the Bondholder Representative are incorporated by reference herein.

Section 9.23 Release. The Borrower hereby acknowledges that it is executing this Loan Agreement and each of the Bond Documents to which it is a party as its own voluntary act free from duress and undue influence.

Section 9.24 Assignments to Trustee. It is understood and agreed that all right, title and interest of the Issuer in and to this Loan Agreement (other than the Unassigned Issuer's Rights) are to be pledged and assigned by the Issuer to the Trustee in trust as security for the Bonds under and pursuant to the Indenture. The Borrower consents to such pledge and assignment. The Issuer directs the Borrower, and the Borrower agrees, to pay or cause to be paid to the Trustee at its corporate trust office listed in Section 9.1, all payments so assigned pursuant to this Section.

Section 9.25 Term of Loan Agreement. This Loan Agreement shall be in full force and effect until no Bonds are Outstanding under the Indenture and all Bond Obligations and other payment obligations of the Borrower hereunder have been paid in full or the payment thereof has been provided for; except that on and after payment in full of the Note, this Loan Agreement shall be terminated, without further action by the parties hereto; provided, however, that the obligations of the Borrower under Sections 4.15, 4.16, 4.17, 4.19, 4.20, 8.1.3, 8.1.4, 8.1.5, 8.1.6 and 9.26 hereof shall survive the termination of this Loan Agreement.

Section 9.26 Reimbursement of Expenses. If, upon or after the occurrence of any Loan Agreement Default or Default, the Issuer, the Trustee, the Bondholder Representative 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 Issuer, the Trustee, the Bondholder Representative 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 hereunder and under Sections 2.7 and 4.15 shall be subordinate to its obligations to make payments under the Note, and the Borrower's obligations to pay the amounts under this Section.

ARTICLE X

LIMITATIONS ON LIABILITY

Section 10.1 Limitations on Liability. Notwithstanding anything to the contrary herein, the liability of the Borrower hereunder and under the other Bond Documents and the Loan Documents shall be limited to the extent set forth in Section 9 of the Note, which is incorporated by reference herein and made a part hereof, and the Borrower shall not have any personal liability for the amounts payable under the Bond Documents or the Loan Documents; provided that such limitation shall not apply to the Borrower in connection with the Borrower's failure to make any payment with respect to (i) any Rebate Amount or (ii) the indemnification provisions of Section 4.17 or Section 8.1.3 or 8.1.4 with respect to the Issuer and the Sponsoring Political Subdivision. None of the above limitations on the personal liability of the Borrower shall modify, diminish or discharge the personal liability of any joinder party. Nothing herein or in the Note shall be deemed to be a waiver of any right which the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser or the Bondholders may have under Sections 506(a), 506(b), 1111(b) or any other provision of the United States Bankruptcy Code, as such sections may be amended, or corresponding or superseding sections of the Bankruptcy Amendments and Federal Judgeship Act of 1984, to file a claim for the full amount due to the Issuer, the Trustee, the Servicer, the Bondholder Representative or the Bondholders under the Bond Documents or to require that all collateral shall continue to secure the amounts due under the Bond Documents.

Section 10.2 Limitation on Liability of Bondholder Representative's Officers, Employees, Etc. Any obligation or liability whatsoever of the Bondholder Representative that may arise at any time under this Loan Agreement or any other Loan Document shall be satisfied, if at all, out of the Bondholder Representative'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 Bondholder Representative's shareholders, directors, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

Section 10.3 Limitation on Liability of the Issuer. The Issuer shall not be obligated to pay the principal (or Redemption Price) of or interest on the Bonds, except from moneys and assets received by the Trustee on behalf of the Issuer pursuant to this Loan Agreement. Neither the faith and credit nor the taxing power of the State, or any political subdivision thereof, nor the faith and credit of the Issuer or the County of Los Angeles is pledged to the payment of the principal (or Redemption Price) of or interest on the Bonds. None of the Issuer or the County of Los Angeles shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement.

The Borrower hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the payments made by the Borrower pursuant to this Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or Redemption Price) of and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, 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 Redemption Price) of or interest on the Bonds, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

Section 10.4 Waiver of Personal Liability. No past, present or future officer, employee or agent of the Issuer or the County of Los Angeles in his or her individual capacity shall be individually or personally liable for the payment of any principal (or Redemption Price) of or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

Section 10.5 Delivery of Reports, Etc. The delivery of reports, information and documents to the Issuer as provided herein is for informational purposes only and the Issuer's receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. The Issuer 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 Loan Agreement against the Issuer.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Loan Agreement to be duly executed as of the date first written above.

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

By: ______________________________
Sean Rogan
Executive Director

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: ______________________________
Deputy

[Issuer Signature Page of ***Villa Nueva*** Loan Agreement]

BORROWER:

VILLA NUEVA RHCP, LP, a California limited partnership

By: Los Angeles County Housing Development Corporation, a California nonprofit public benefit corporation

Its: General Partner

By: ______________________________
Marlon L. Thompson, Vice Chairman

[Borrower Signature Page of ***Villa Nueva*** Loan Agreement]

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

KUTAK ROCK LLP
1650 FARNAM STREET
OMAHA, NE 68102
ATTENTION: KARILYN E. KOBER, ESQ.

REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS

by and among

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

and

VILLA NUEVA RHCP, LP,
as Borrower

relating to

$[2,300,000]
The Housing Authority of the County of Los Angeles
Multifamily Housing Revenue Bonds
(Villa Nueva RHCP Apartments)
2014 Series B

Dated as of [_______] 1, 2014

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REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this "Agreement" or this "Regulatory Agreement") is made and entered into as of [_______] 1, 2014 by and among **THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES**, a public body, corporate and politic, organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the "Issuer"), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, and duly authorized to accept and execute trusts in the State of California, in its capacity as trustee under the Indenture (as hereinafter defined), with a corporate trust office in Los Angeles, California (the "Trustee"), and **VILLA NUEVA RHCP, LP**, a California limited partnership (the "Borrower").

W I T N E S S E T H :

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the "Act"), the Issuer is empowered to issue bonds to finance the acquisition, rehabilitation and equipping of multifamily rental housing; and

WHEREAS, on July 9, 2013 (the "Inducement Date") the Board of Commissioners of the Issuer passed a resolution (the "Inducement Resolution") indicating the Issuer's intent to provide for the issuance of a revenue bond and other evidence of indebtedness to finance the acquisition and rehabilitation of Villa Nueva RHCP Apartments, a multifamily residential rental housing project located in the County of Los Angeles a portion of which is located at 658-676 S. Ferris Avenue 90022 in the unincorporated County of Los Angeles on the site more particularly described in Exhibit A hereto (the "Project"); and

WHEREAS, on [________], 2014 the Board of Commissioners of the Housing Authority of the County of Los Angeles adopted a resolution (the "Resolution") authorizing the issuance of its revenue bonds to provide financing for the acquisition and rehabilitation of the Project; and

WHEREAS, in furtherance of the purposes of the Act and the Resolution, and as a part of the Issuer's program of financing housing, the Issuer is issuing pursuant to that Trust Indenture (the "Indenture") dated as of [_______] 1, 2014 between the Issuer and the Trustee, its Multifamily Housing Revenue Bonds (Villa Nueva RHCP Apartments) 2014 Series B (the "Bonds"), the proceeds of which will be used to fund a loan (the "Loan") to the Borrower to provide financing for the acquisition and rehabilitation of the Project; and

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

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

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 Issuer, the Trustee and the Borrower hereby agree as follows:

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

"*Act*" means Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California.

"*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).

"*Affordable Rent*" means an annual rent for a Low Income Unit or a Very Low Income Unit, as applicable, which does not exceed 30% of the applicable maximum Adjusted Income for the Area of Low Income Tenants or a Very Low Income Unit, as applicable, adjusted for family size using the following occupancy assumptions: studio (1 person); one bedroom (2 persons); two bedrooms (3 persons); and three bedroom (4 persons), subject to adjustment as provided in Section 6 (a) hereof.

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

"*Area*" means the Los Angeles, California 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 Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates, or in the event that such term shall refer to successors or assigns of the Borrower, any authorized general partner if the successor or the assignee is a general or limited partnership, any authorized managing member if the successor or assignee is a limited liability company or any authorized officer if the successor or the assignee is a corporation. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate identifying a different person or persons to act in such capacity.

"*Bonds*" means the bonds authorized, authenticated and delivered under the Indenture, as defined in the recitals hereto.

"*Bond Closing Date*" or "*Closing Date*" means the date upon which the Bonds are initially issued and delivered in exchange for the proceeds representing at least $50,001 of the total purchase price of the Bonds paid by the original purchaser thereof.

"*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 Issuer and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia but shall not include counsel for the Borrower or the Trustee.

"*Bond Documents*" means, the Loan Agreement, this Regulatory Agreement, the Tax Certificate, the Indenture and any other document now or hereafter executed by the Borrower, the Issuer, the Trustee, and/or Bondholder in connection with the Bonds.

"*Bondholder*" or "*holder*" or "*owner*" means the party identified as the owner of any Bond on the registration books maintained by the Trustee on behalf of the Issuer.

"*Borrower*" means Villa Nueva RHCP, LP, its successors and assigns.

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

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

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

"*Closing Date*" means the date of issuance of the Bonds.

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

"*Completion Certificate*" means the certificate of completion of the Project required to be delivered to the Issuer and the Trustee by the Borrower pursuant to Section 2(h) hereof.

"*Completion Date*" means the date of the completion of the acquisition, rehabilitation and equipping of the Project, as that date shall be certified as provided in Section 2(h) hereof.

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

"*Gross Income*" means the gross income of a person (together with the gross income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed under section 8 of the United States Housing Act of 1937 (or, if such program is terminated, under such program as in effect immediately before such termination).

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

"*Hazardous Materials Laws*" means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials or the protection of human health or the environment and apply to Borrower or to the Project. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, *et seq.*, the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, *et seq.*, the Toxic Substance Control Act, 15 U.S.C. Section 2601, *et seq.*, the Clean Water Act, 33 U.S.C. Section 1251, *et seq.*, and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 *et seq.*, and their state analogs.

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

"*HUD*" means the United States Department of Housing and Urban Development.

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

"*Indenture*" means the Trust Indenture, dated as of [_______] 1, 2014, by and between the Issuer and the Trustee, relating to the issuance of Bonds, and any indenture supplemental thereto.

"*Inducement Date*" means July 9, 2013.

"*Issuer*" means The Housing Authority of the County of Los Angeles, a public body, corporate and politic, organized and existing under the laws of the State of California.

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

"*Loan Agreement*" means the Loan Agreement dated as of [_______] 1, 2014 between the Issuer and the Borrower, as the same may from time to time be amended or supplemented as provided therein and in the Indenture.

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

"*Low Income Units*" means the units in the Project required to be rented to, or held available for occupancy by, Low Income Tenants pursuant to Sections 4(a), 4(b) and 7(a) hereof.

"*Mortgage*" means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of [_______] 1, 2014 which has been or will be delivered by the Borrower as trustor for the benefit of the Trustee, as amended from time to time.

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

"*Program Monitor*" means any program monitor or program monitor appointed by the Issuer to administer this Regulatory Agreement, and any successor so appointed. The initial Program Monitor shall be the Issuer.

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

"*Project Costs*" means, to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition and rehabilitation 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 and 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, rehabilitated or improved by the Borrower, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements constituting the Project. Project Facilities do not include retail sales facilities, leased office space, commercial facilities or recreational, fitness, parking or business facilities available to members of the general public.

"*Project Site*" means the parcel or parcels of real property having the street address of 658-676 S. Ferris Avenue 90022 in the County of Los Angeles, California, and described in Exhibit A, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances thereunto appertaining, as more particularly described in Exhibit A hereto.

"*Qualified Project Costs*" means the Project Costs (excluding issuance costs) incurred not earlier than the date 60 days prior to the Inducement Date which either constitute land or property of a character subject to the allowance for depreciation under Section 167 of the Code or are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Bonds during, and the credit enhancement fees, if any, attributable to the period of, the rehabilitation 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 rehabilitated 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 rehabilitating 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 rehabilitation of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute "Qualified Project Costs" unless, at the time Bond proceeds are expended to pay such costs, the Borrower and the seller of such assets are not "related parties" as such term is defined in Section 1.150-1(b) of the Regulations.

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

"*Qualified Rehabilitation Expenditures*" means any amount properly chargeable to the Project's capital account which is incurred no earlier than 60 days prior to the Inducement Date by the person acquiring the building or property (or additions or improvements to property) or by the seller of the property under a sales contract between the Borrower and the seller of the Project to the Borrower in connection with the rehabilitation of a building. In the case of an integrated operation contained in a building before its acquisition, such term includes rehabilitating existing equipment in such building or replacing it with equipment having substantially the same function. "Qualified Rehabilitation Expenditures" do not include any amount which is incurred after the date that is two years after the later of the date on which the building was acquired by the Borrower or the date on which the Bonds were issued. "Qualified Rehabilitation Expenditures" do not include any expenditure described in Section 47(c)(2)(B) of the Code. All amounts constituting Qualified Rehabilitation Expenditures must be depreciated on a straight line basis over 27.5 years (unless otherwise provided in the Code).

"*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.

"*Rehabilitation Completion Certificate*" means a written certification signed by an Authorized Borrower Representative confirming that prior to the date which is 24 months after the Closing Date, the Borrower has incurred Qualified Rehabilitation Expenditures with respect to the Project in an amount equal to or greater than 15% of the portion of the cost of acquiring the Project (exclusive of any acquisition costs attributable to land) financed with the Net Proceeds of the Bonds.

"*Tax Certificate*" means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, dated the Closing Date, executed and delivered by the Issuer 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 Bonds, that such interest is excluded from gross income for federal income tax purposes (other than interest on any Bond for any period during which such Bond is held by a "substantial user" of any facility financed with the proceeds of the Bonds or a "related person," as such terms are used in Section 147(a) of the Code); provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

"*Trustee*" means U.S. Bank National Association or any successor Trustee serving as such under the Indenture.

"*Very Low Income Tenant*" means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of low income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as lower income shall be 50% 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 Very 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 Very 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.

"*Very Low Income Unit*" means the units in the Project required to be rented to, or held available for occupancy by, Very Low Income Tenants pursuant to Sections 4(a), 4(b) and 7(a) hereof.

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

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

(a) The Borrower has incurred, or will incur within six months after the Closing Date, a substantial binding obligation to commence the acquisition of its fee interest in, and rehabilitation 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 Bonds.

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

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

(d) The Borrower reasonably expects to complete the acquisition and rehabilitation of the Project and to expend the full amount of the proceeds of the Loan for Project Costs prior to the date which is 24 months after the Closing Date.

(e) The Borrower agrees that the full amount of each disbursement of Bond proceeds pursuant to the Indenture and the Loan Agreement will be applied to pay or to reimburse the Borrower for the payment of Project Costs and that, after taking into account each such disbursement, (i) the aggregate disbursements of Bond proceeds will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an aggregate amount equal to 97% or more of the aggregate disbursements of the Loan funded with the proceeds of the Bonds; provided, however, that if the Borrower provides the Trustee with an opinion of Bond Counsel to the effect that the Tax-exempt status of interest on the Bonds 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 Loan expended relative to the Project Site will be disbursed to pay or to reimburse the Borrower for the cost of acquiring land or rights, including leasehold rights, with respect to land relative to the Project Site.

(f) [reserved].

(g) No proceeds of Bonds 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 Bond proceeds to the reimbursement of previously incurred costs shall be made not later than 18 months after the later of (i) the date the original expenditure was paid or (ii) the date the Project is placed in service or abandoned. The acquisition, rehabilitation 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**)** had made any expenditure in connection with the acquisition, rehabilitation or equipping of the Project, (B) no on-site work had been commenced by the Borrower or any related person in connection with the rehabilitation of the Project, and (C) no off-site fabrication of any portion of the Project had been commenced by the Borrower or any related person. The Project consists, and shall at all times consist, of property which is land or is subject to the allowance for depreciation provided in Section 167 of the Code.

(h) The Borrower has or shall, prior to the date which is 24 months (unless extended pursuant to subsection "(j)" below) after the Closing Date, expend proceeds of the Bonds equal to not less than 15% of the amount of Bond proceeds expended to acquire the Project (exclusive of any acquisition costs attributable to land) on Qualified Rehabilitation Expenditures which expenditures shall be confirmed in writing through a Rehabilitation Completion Certificate delivered to the Issuer and the Trustee not later than 25 months (unless extended pursuant to subsection "(j)" below) after the Closing Date

(i) 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 Bonds to be applied in a manner contrary to the Indenture, the Loan Agreement, the Act or the Code.

(j) The Borrower shall, on the Completion Date, evidence the Completion Date by providing a Rehabilitation Completion Certificate to the Trustee and the Issuer, signed by the Authorized Borrower Representative, stating the total cost of the Project and identifying the total acquisition cost (which shall specify the costs attributable to land and the costs attributable to buildings) and the total Qualified Project Costs and Qualified Rehabilitation Expenditures and further stating that (i) rehabilitation of the Project has been completed substantially in accordance with the plans, specifications and work orders therefor, and all labor, services, materials and supplies used in construction or rehabilitation have been paid for and (ii) all other facilities necessary in connection with the Project have been acquired, rehabilitated and installed substantially in accordance with the plans and specifications and work orders therefor and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Borrower against third parties for the payment of any amount not then due and payable which exist at the date of such certificate or which may subsequently exist.

The foregoing certificate evidencing the Completion Date shall be delivered to the Issuer and the Trustee no later than the date 25 months from the Closing Date unless the Borrower delivers to the Trustee a certificate of the Issuer approving 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 Bonds being included in gross income for federal income tax purposes. The Borrower agrees to spend additional moneys for payment of any costs of the Project sufficient to reduce the portion of Bond proceeds (i) spent on land by the Borrower relative to the Project Site to an amount that is less than 25% of the amount of Bond proceeds spent by the Borrower relative to the Project Site for all purposes and (ii) spent on costs of the Project paid or incurred by or on account of the Borrower or any related person (as such term is used in Section 147(a)(2) of the Code) on or after the date 60 days prior to the Inducement Date and chargeable to the capital account of the Project (or so chargeable either with a proper election by the Borrower to deduct such amounts, within the meaning of Treasury Regulation 1.103-8(a)(1)) so that the amount of Bond proceeds expended on Qualified Project Costs are at least 97% of the amount of Bond proceeds spent for all purposes related to the Project–except that, upon receipt by the Borrower, the Trustee and the Issuer of an approving opinion of Bond Counsel, the percentage of such amounts so used may be 95%.

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

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

(a) The Project Facilities will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project Facilities as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with Section 142(d) of the Code and Section 1.103-8(b) of the Regulations 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 and Very Low Income Unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range and oven, a sink and a refrigerator.

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

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

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

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

(g) No dwelling unit in the Project shall be occupied by the Borrower; provided, however, that if the Project contains five or more dwelling units, this subsection (g) 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 County 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 Issuer from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, and subject to the provisions of the Indenture and the Loan Agreement, it will either prepay the Loan or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

Section 4. Low Income Tenants; Records and Reports. Pursuant to the requirements of the Code and the Issuer, 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 Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. The Borrower hereby certifies that (i) on the Closing Date 10% of the dwelling units in the Project are occupied by tenants providing an Income Certification or other certification delivered in connection with a governmental housing subsidy program, and (ii) on the Closing Date, 50% of dwelling units in the Project were occupied by tenants providing an Income Certification or other certification delivered in connection with a governmental housing subsidy program. Based on the foregoing, the beginning date of the Qualified Project Period is the Closing Date and the earliest ending date of the Qualified Project Period is 15 years after the Closing Date.

(b) Commencing on the first day of the Qualified Project Period, Low Income Tenants shall occupy at least 40% (and Very Low Income Tenants shall occupy at least 20%) 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, provided that Very Low Income Tenants shall rent and occupy at least 20% of the total number of completed units of the Project. For the purposes of this paragraph (b), a vacant unit which was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined. In determining whether the requirements of this subsection (b) have been met, fractions of units shall be treated as entire units.

(c) No tenant qualifying as a Low Income Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Low Income Tenants; provided, however, that should a Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low Income Tenant of the same family size, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant; and provided further that, until such next available unit is rented to a tenant who is not a Low Income Tenant, the former Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant for purposes of the 40% requirement of paragraph (b) of this Section 4 (if applicable). If the Project consists of more than one building, this requirement shall apply on a building by building basis.

(d) The Borrower will obtain, complete and maintain on file Income Certifications, or other certification delivered in connection with a governmental housing subsidy program, from each Low Income Tenant, or Very Low Income Tenant, as applicable, including (i) an Income Certification, or other certification delivered in connection with a governmental housing subsidy program, dated no later than the day prior to the initial occupancy of such Low Income Tenant or Very Low Income Tenant, as applicable, in the Project and, in the case of tenants residing in the Project as of the date of acquisition thereof (if applicable), dated no later than the day prior to the disbursement of Bond proceeds to fund acquisition and rehabilitation of the Project and (ii) thereafter, annual Income Certifications dated as of the anniversary date of each initial Income Certification, or other certification delivered in connection with a governmental housing subsidy program. The Borrower will obtain such additional information as may be required in the future by the State of California, by the Issuer 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 or Very Low Income Tenant, as applicable, commencing or continuing occupation of a Low Income Unit or Very Low Income Unit, as applicable, (and not previously filed with the Issuer) shall be attached to the Certificate of Continuing Program Compliance which is to be filed with the Issuer, the Program Monitor, if applicable, and the Trustee, no later than the fifteenth day of each month until such report indicates compliance with Section 4(b) and thereafter on the thirtieth day of the first month of each calendar quarter 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 Issuer shall deem relevant, such as the two most recent years' tax returns or other forms of independent verification satisfactory to the Issuer.

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

(f) The Borrower will prepare and submit to the Issuer, the Program Monitor, if applicable and the Trustee, no later than the thirtieth day of the first month of each calendar quarter, until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Borrower stating (i) the percentage of the dwelling units of the Project which were occupied or deemed occupied, pursuant to paragraph (b) of this Section 4, by Low Income Tenants during such period; (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement, or (B) a default has occurred, in which event the certificate shall describe the nature of the default in detail and set forth the measures being taken by the Borrower to remedy such default; and (iii) that, to the knowledge of the Borrower, no Determination of Taxability has occurred, or if a Determination of Taxability has occurred, setting forth all material facts relating thereto.

(g) On or before each February 15 during the Qualified Project Period, the Borrower will submit to the Issuer 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, on behalf of the Issuer, submit such completed form to the Secretary of the Treasury, regardless of whether or not the Issuer 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 or Very Low Income Unit, as applicable, 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 or Very Low Income Tenant, as applicable, in determining qualification for occupancy of the Low Income Unit or Very Low Income Unit, as applicable, 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 agrees that tenant's income is subject to annual certification in accordance with Section 4(d) 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 or Very Low Income Tenant, as applicable, of the same family size, such tenant may cease to qualify as a Low Income Tenant or Very Low Income Tenant, as applicable, 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. All leases pertaining to Low Income Units and Very Low Income Tenants shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit or Very Low Income Unit, as applicable: (i) certifies the accuracy of the statements made in the verification of income;

(ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Borrower, the Trustee or the Issuer or the Program Monitor on behalf of the Issuer, and that the failure to provide accurate information in the verification of income or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant.

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

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

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

(d) The Borrower will not knowingly enter into any agreements which would result in the payment of principal or interest on the Bonds 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 person (as defined in Section 147(a)(2) of the Code) thereto shall not acquire the Bonds 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 Issuer hereby agree to comply with each of the requirements of the Act, and, without limiting the foregoing, the Borrower hereby specifically agrees to comply with each of the requirements set forth in this Section 6, as follows:

(a) The rental payments for the Low Income Units and Very Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed Affordable Rents. The Issuer shall, from time to time, revise the maximum rental limits applicable to the Low Income Units and Very Low Income Units, by a percentage equal to any percentage change in median income for the Area. Until such time as the Issuer mails a notice of such change, the previously existing charges shall apply. Upon receipt of new rental limit schedules, the Borrower may increase the rental charges. Any increase in rental charges must comply with the terms of the lease as to the time and manner of such changes, provided that, no Low Income Tenant or Very Low Income Tenant shall have a rent increase sooner than one (1) year after initial occupancy, and provided further, no Low Income Tenant or Very Low Income Tenant shall have an annual rent increase in excess of the percentage increase as determined by HUD in the Area median income for the applicable year in which the rent increase is being considered, nor shall there be an accumulation of rental increases from year to year for those years in which the Borrower chooses not to increase rents by the percentage allowed herein.

(b) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, Low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act. The Borrower shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(c) No tenant residing in a unit reserved as required by subsection (a) of this Section shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Gross Income increases to exceed the qualifying limit for Low Income Tenants or Very Low Income Tenants, as applicable. However, should the Gross Income of a tenant residing in a reserved unit increase to exceed the qualifying limit, the next available unit must be rented to (or held vacant and available for immediate occupancy by) a tenant whose income satisfies the requirements of Sections 4(b) and 7(a) hereof. Until such next available unit is rented to a qualified tenant, the former Low

Income Tenant or Very Low Income Tenant, as applicable, who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant or Very Low Income Tenant, as applicable, for purposes of the requirements of Sections 4(b) and 7(a) hereof.

(d) The units reserved for occupancy as required by subsection (a) of this Section shall remain available on a priority basis for occupancy at all times during the Qualified Project Period.

(e) Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and redemption of the Bonds, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by subsection 7(a) of this Regulatory Agreement shall remain available to any eligible tenant occupying a reserved unit at the date of such expiration or termination, at the rent determined by subsection (b) of this Section, until the earliest of (1) the household's income exceeds 140% of the maximum eligible income specified above, (2) the household voluntarily moves or is evicted for good cause, as defined in the Act, (3) 30 years after the date of the commencement of the Qualified Project Period, or (4) the Borrower pays the relocation assistance and benefits to households as provided in Section 7264(b) of the California Government Code.

(f) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Borrower.

(g) This Regulatory Agreement shall be recorded in the office of the county recorder of the County of Los Angeles and shall be recorded in the grantor-grantee index to the names of the Borrower as grantor and to the name of the Issuer as grantee.

Section 7. Additional Requirements of the Issuer and CDLAC. 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 Issuer and CDLAC, whether or not required by California or federal law, the Borrower represents, warrants, covenants and agrees as follows:

(a) Not less than 40% of the total number of units in the Project (other than one unit set aside for managerial or administrative use) shall be Low Income Units and not less than an additional 10% of the total number of units in the Project shall be Very Low Income Units. The units made available to meet this requirement shall be of comparable quality and offer a range of sizes and numbers of bedrooms comparable to the units that are available to other tenants in the Project.

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

(c) The Low Income Units and Very 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 and Very 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.

(d) 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, disability, marital status, domestic partner status or medical condition. All contracts entered into by the Borrower which relate to the Project shall contain a like provision.

(e) The Borrower shall comply with the conditions set forth in Exhibit A to CDLAC Resolution No. 13-70, adopted on September 18, 2013 (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 part of Exhibit G. Following completion of the rehabilitation of the Project, the Borrower will prepare and submit to CDLAC, on behalf of and with a copy to the Issuer, not later than each March 1 following the Closing Date, until the end of the period specified in the CDLAC Conditions, a Certificate of CDLAC Program Compliance, in substantially the form attached hereto as Exhibit E, executed by an Authorized Borrower Representative. Notwithstanding anything to the contrary herein, the provisions of this Section 7(e) shall remain effective for the period specified in the CDLAC Conditions, unless this Regulatory Agreement shall terminate as otherwise provided in Section 14 hereof. The Issuer and the Program Monitor shall have no obligation, but may, at their sole discretion, choose to monitor the Borrower's compliance with the CDLAC Conditions.

(f) Until the later of the end of the Qualified Project Period or the CDLAC Conditions, the Borrower will comply with the provisions of the Unruh Civil Rights Act, including, without limitation, Sections 51.2 and 51.3 of the California Civil Code, as amended.

(g) The lease to be utilized by the Borrower in renting any residential units in the Project to Low Income Tenants or Very 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 or Very 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 or Very Low Income Tenant. All such leases shall contain clauses, among others, wherein each individual lessee (i) certifies the accuracy of the statements made in the Income Certification and (ii) agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obligations of his tenancy; that the lessee will comply promptly with all requests for information with respect thereto from the Borrower or the Issuer; 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.

(h) All Income Certifications will be maintained on file at the Project or, with the prior written consent of the Issuer, 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 or Very Low Income Tenant who occupied a residential unit in the Project during the Qualified Project Period.

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

(j) The Borrower shall submit to the Issuer, the Program Monitor, if applicable, and the Trustee, (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 Issuer, 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 Issuer to file any periodic report, or any other information concerning the Project as the Issuer may reasonably request.

(k) The Issuer may, at its option and at its expense, at any time appoint a Program Monitor 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 Issuer to deliver to such Program Monitor, in addition to or instead of the Issuer, 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 Program Monitor as an agent of the Issuer.

(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 or Very Low Income Tenant, as applicable, 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 or Very Low Income Tenant, as applicable.

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

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

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

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

(n) The Borrower shall pay to the Issuer an initial fee equal to $[______] (0.125% of the maximum principal amount of the Bonds) on or prior to the Closing Date. The Borrower shall also pay on the Closing Date and annually in advance on the anniversary date of the date of issuance of the Bonds an amount equal to 0.125% of the maximum original principal amount of the Bonds for the term ending on the later of the end of: (i) the Qualified Project Period; or (ii) the CDLAC Conditions. Such annual fee shall be paid (i) to the Trustee in equal monthly installments pursuant to the Loan Agreement for annual payment to the Issuer as set forth above while the Bonds are Outstanding and (ii) to the Issuer, on the date of final payment of the Outstanding principal amount of the Bonds prior to the later of the end of the Qualified Project Period or termination of the CDLAC Conditions, in an amount equal to the present value of the remaining Issuer's Ongoing Fee payable hereunder, as calculated by the Issuer, using a discount rate equal to the yield on the United States treasury security maturing on the date nearest the end of the later of the end of the Qualified Project Period or termination of the CDLAC Conditions. Such prepayment shall be limited as necessary in the opinion of Bond Counsel to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Borrower shall also pay to the Issuer, 30 days after receipt of request for payment thereof from the Issuer, all reasonable out of pocket expenses of the Issuer (not including salaries and wages of Issuer employees) related to the Project and the financing thereof that are not otherwise required to be paid by the Borrower under the terms of this Regulatory Agreement or the Loan Agreement, including, without limitation, reasonable legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project, the Loan or the Bonds. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Bonds, the Borrower shall continue to pay (or, to the extent allowed under the Code, may prepay the present value at such time, computed based on the Bond yield) the Issuer's fees, unless such prepayment is made in connection with a refunding of the Bonds. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture, the Borrower shall continue to pay to the Issuer all fees, losses and expenses required under the Loan Agreement and the

Indenture as provided therein. The fees payable hereunder shall be reduced as and to the extent necessary to comply with the requirements of the Code.

(o) [reserved]

(p) The Borrower shall pay the Issuer its then-current fees in connection with any consent, approval, transfer, amendment, waiver, refunding/re-issuance requested of the Issuer, together with any expenses incurred by the Issuer and its counsel/attorney and financial advisor (if applicable) in connection therewith.

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

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

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

(t) The Borrower shall submit to the Issuer, (i) not later than the thirtieth day after the close of each calendar year, a statistical report in the form set forth as Exhibit F hereto, or such other form as may be prescribed by the Issuer, setting forth the information called for therein, and (ii) within 15 days after receipt of a written request, any other information or completed forms requested by the Issuer in order to comply with reporting requirements of the Internal Revenue Service or the State of California.

(u) The Borrower acknowledges that the Issuer may appoint a Program Monitor other than the Issuer (at no additional cost to the Borrower) to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. In such event, the Borrower shall comply with any request by the Issuer to deliver to any such Program Monitor, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Program Monitor as an agent of the Issuer.

(v) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the Issuer, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Issuer.

(w) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Borrower.

Any of the foregoing requirements of the Issuer (except (e) above, which may be expressly waived by CDLAC) may be expressly waived by the Issuer in writing in the Issuer's sole discretion, but (a) no waiver by the Issuer 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 Issuer has received an opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (b) any requirement of this Section 7 shall be void and of no force and effect if the Issuer and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bonds 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.

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

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer, the Trustee 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 Bonds, 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 Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer, the Trustee 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 Issuer, the Trustee and the Borrower and approved by the written opinion of Bond Counsel to the effect that such amendment is permitted by the Act and will not affect the Tax-exempt status of interest on the Bonds. The Issuer 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 Issuer, whether or not required by California or federal law.

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

Section 9. Indemnification. To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer, its officers, governing members, directors, officials, employees, attorneys, and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(a) this Regulatory Agreement, the Indenture, the Loan Agreement and any of the other Loan Documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance, sale, resale or transfer of the Bonds;

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

(c) any lien or charge upon payments by the Borrower to the Issuer and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Trustee 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;

(e) the defeasance and/or redemption, in whole or in part, of the Bonds;

(f) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any documents relating to the Bonds to which the Borrower is a party, or any omission from any such document of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading; or

(g) any declaration of taxability of interest on the Bonds, or allegations (or regulatory inquiry that interest on the Bonds is included in gross income for federal tax purposes.

Except in the case of the foregoing indemnification of the Issuer or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the

Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the reasonable judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel, or if, in the case of the Issuer, it makes a reasonable judgment that a competent attorney has not been appointed.

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

The provisions of this Section 9 shall survive the term of the Bonds and this Regulatory Agreement or the resignation of the Trustee.

Section 10. Consideration. The Issuer has issued the Bonds to provide funds to finance the acquisition, rehabilitation and equipping of the Project, all for the purpose, among others, of inducing the Borrower to acquire and rehabilitate the Project. In consideration of the issuance of the Bonds by the Issuer, 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 Issuer 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 Bonds and in the exemption from federal income taxation and California personal income taxation of the interest on the Bonds. In performing their duties and obligations hereunder, the Issuer and the Trustee may rely upon statements and certificates of the Low Income Tenants and Very Low Income Tenants and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Issuer and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Trustee may, but shall not be required to, conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Trustee by the Borrower or the Issuer 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 County of Los Angeles. The Borrower hereby represents and warrants that the Project will be located entirely within the County of Los Angeles.

Section 13. Sale or Transfer of the Project; Equity Interests. The Borrower hereby covenants and agrees not to: (i) directly or indirectly, by operation of law, voluntarily or involuntarily, sell, gift, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Project (excluding tenant leases pursuant to the terms hereof); (ii) permit the Transfer of greater than forty-nine percent (49%) of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under the Loan Documents without the prior written approval of the Issuer, which approval the Issuer may withhold in its sole and absolute discretion.

At any time Borrower desires to effect a Transfer hereunder, Borrower shall notify the Issuer in writing (a "Transfer Notice") and shall submit to the Issuer for its prior written approval (i) all proposed agreements and documents memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Borrower and the proposed transferee to the Issuer sufficient to establish and ensure that all requirements of this Section 13 have been and will be met (collectively, the "Transfer Documents"). No Transfer Documents shall be approved by the Issuer unless they expressly provide for the assumption by the proposed transferee of all of Borrower's obligations under the Loan Documents. The Transfer Notice shall include a request that the Issuer consent to the proposed Transfer. The Issuer agrees to make its decision on Borrower's request for consent to such Transfer promptly, and use reasonable efforts to respond not later than 30 days after the Issuer receives the last of the items required by this Section 13. In the event the Issuer consents to a proposed Transfer, then such Transfer shall not be effective unless and until the Issuer receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Borrower to the Issuer.

Except as expressly provided in this Section 13, in connection with any Transfer hereunder, the purchaser or assignee shall also: (i) deliver to the Issuer of an opinion of such purchaser or assignee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such purchaser or assignee, subject to bankruptcy and other standard limitations affecting creditor's rights; (ii) deliver to the Issuer an opinion of Bond Counsel addressed to the Issuer to the effect that any such sale, transfer or other disposition will not adversely affect the Tax Exempt status of interest on the Bonds; and (iii) pay to the Issuer and Trustee all fees and/or expenses then currently due and payable to the Issuer and Trustee (together with the Transfer Documents, the "Transfer Deliveries").

Notwithstanding anything in this Regulatory Agreement to the contrary, Borrower agrees that it shall not be permitted to make any Transfer, whether or not the Issuer's consent is required and even if the Issuer has consented thereto, if there exists an Event of Default under the Loan Agreement or any other Loan Document at the time the Transfer Notice is tendered to the Issuer or at any time thereafter until such Event of Default has been cured.

Except as expressly provided in this Section 13, the provisions of this Section 13 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Borrower under the terms set forth herein.

Notwithstanding the foregoing, if the Project receives funding through an allocation of low income housing tax credits under Section 42 of the Code ("LIHTCs"), the Issuer hereby consents to the following transfers in furtherance of such financing: (i) syndication of limited partnership interests in Borrower to an equity investor and subsequent transfers of limited partnership interests; (ii) the grant and exercise of a purchase option and/or right of first refusal with respect to the Project from Borrower to its general partners, which may involve the sale of Borrower's interest in the Project and/or the Transfer of greater than forty-nine percent (49%) of its ownership and/or control; (iii) removal of the general partner of Borrower pursuant to the terms of the limited partnership agreement of Borrower, as it may be amended from time to time, provided that the replacement general partner shall be approved by the Issuer, which approval shall not be unreasonably withheld; and (iv) removal of the general partner of Borrower pursuant to the terms of the limited partnership agreement of the Borrower, as it may be amended from time to time, provided that the replacement general partner is an affiliate of the Investor Limited Partner of Borrower. Notwithstanding the above, Borrower shall notify the issuer that Borrower intends to pursue such transfers of partnership interest at least 30 days before the scheduled date of such transfers and shall comply with the provisions of the second paragraph of this Section 13; further, if the general partner is being replaced, Borrower shall provide evidence acceptable to the Issuer with regard to such successor general partner's financial capability, management experience and history of compliance with affordable housing, landlord/tenant, and health and safety laws, and such other information as requested by the Issuer. In addition, if the general partner of Borrower is removed and replaced pursuant to clause (iv) above, then the Investor Limited Partner must (a) notify the Issuer that they have taken such action when they take such action; (b) provide the Issuer with copies of all amendments to the Partnership Agreement; and (c) provide a certification from the new general partner stating that it is an affiliate of the Investor Limited Partner and describe the affiliation, and also state that the general partner is assuming all obligations and responsibilities of the removed general partner under the Loan Documents, if any, from and after the substitution of the general partner.

The Borrower shall use its best efforts to provide the Issuer concurrently with the closing of any Transfer (but in no event later than 30 days after the closing of such Transfer) copies of all documents pertaining to the transaction, including any amendments to the organizational documents of Borrower or any constituent partners or members.

Nothing in this Section 13 shall affect any provision of any other document or instrument between the Borrower and any other party which requires the Borrower to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project or any interest (direct or indirect) therein or in the Borrower, including, but not limited to, any consent of the Trustee required under the Indenture, the Mortgage or any other Loan Document

Notwithstanding anything contained in this Section 13 to the contrary, neither the consent of the Issuer nor the delivery of the Transfer Deliveries shall be required in the case of a foreclosure or deed in lieu of foreclosure, whereby the Bondowner Representative, the Trustee or a designee or third party purchaser becomes the Borrower of the Project, and nothing contained in this Section 13 shall otherwise affect the right of the Bondowner Representative, the Trustee or a designee or third party purchaser to foreclose on the Project or to accept a deed in lieu of foreclosure or to effect a comparable conversion of the Loan or the Loan Documents. However, if the Trustee or Bondowner Representative 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 Issuer and delivery of the Transfer Deliveries shall be required for any transfer of the Project subsequent to the Trustee's or Bondowner Representative's acquisition of the Property by foreclosure or deed in lieu of foreclosure.

Upon any sale or other transfer which complies with this Regulatory Agreement, the Borrower shall be fully released from its obligations hereunder, but only to the extent such obligations have been assumed by the transferee of the Project, without the necessity of further documentation. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 13. No transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer. Nothing contained in this Section 13 shall affect any provision of the Mortgage, or any of the other Loan Documents to which the Borrower is a party, which requires the Borrower to obtain the consent of the Bondowner Representative as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project, or of any direct or indirect interest in the Borrower, or which otherwise gives the Bondowner Representative the right to accelerate the maturity of the Loan or any obligations of Borrower under the Loan Documents, or to take some other similar action with respect to the Loan or any obligations of Borrower under the Loan Documents, upon the sale, transfer or other disposition of the Project or any such other interest.

For the Qualified Project Period, the Borrower shall not: (1) grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except as otherwise permitted by the Loan Agreement, the Mortgage and this Regulatory Agreement (and upon receipt by the Borrower of an opinion of Bond Counsel that such action will not adversely affect the Tax Exempt status of interest on the Bonds; provided that such opinion will not be required with respect to any lease permitted under this Regulatory Agreement and the Mortgage relating to a commercial operation or ancillary facility that will be available for tenant use and is customary to the operation of multifamily housing developments similar to the Project); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except in accordance with the Loan Documents and except to the extent that what is removed is replaced with comparable property; or (3) permit the use of the dwelling accommodations of the Project for any purpose other than rental residences.

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 in the case of Section 7(e) hereof, at the times set forth in CDLAC Resolution No. 13-69), it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds, discharge of the Loan and termination of the Indenture and the Loan Agreement.

Notwithstanding the foregoing, the provisions of Section 9 hereof shall, in the case of the Trustee, survive the term of this Regulatory Agreement or the replacement of the Trustee, but only as to claims arising from events occurring during the term of this Regulatory Agreement or the Trustee's tenure as Trustee under the Indenture, and shall, in the case of the Issuer, 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 Issuer or the Trustee from enforcing the provisions hereof, or (b) condemnation, foreclosure, delivery of a deed in lieu of foreclosure or a similar event, but only if, within a reasonable period thereafter, either the Bonds or a portion thereof 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 Issuer) is delivered to the Trustee to the effect that the exclusion from gross income for federal income tax purposes of interest on the Bonds 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 Code) 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. Notwithstanding Section 1461 of the California Civil Code, the Borrower hereby subjects its fee interest in the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer 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 Issuer and, if necessary, the Trustee, agree to execute a quitclaim deed or other documents required to remove this Regulatory Agreement from title after the covenants, agreements and restrictions herein have expired. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

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

Section 16. Burden and Benefit. The Issuer and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Issuer 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 and Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were 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 Issuer to the Borrower, then the Issuer 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 (a) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected, and (b) 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 Bonds. The Trustee hereby consents to any correction of the default by the Issuer on behalf of the Borrower. The Issuer hereby consents to any correction of a default on the part of the Borrower hereunder made by the Borrower's limited partners on behalf of the Borrower within the time periods provided in this Section. Copies of any notices sent to the Borrower hereunder shall simultaneously be sent to Borrower's limited partners at the address set forth in Section 23.

Following the declaration of an Event of Default hereunder, the Trustee, as directed by the Issuer and subject to the provisions of the Indenture relative to the Trustee's duty to exercise remedies generally, or the Issuer 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 Issuer or the Trustee hereunder;

(b) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; and

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

In addition, during the Qualified Project Period, the Borrower hereby grants to the Issuer the option, upon 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, to lease up to 40% of the units in the Project (other than one unit set aside for managerial or administrative use) for the purpose of subleasing such units to Low Income Tenants, but only to the extent necessary to comply with the provisions of Sections 3, 4, 6 and 7. The option granted in the preceding sentence shall be effective only if the Borrower or the Borrower's investor limited partner has not instituted corrective action within such 60-day period. Such option shall be exercisable first with respect to units which are vacant at the time of exercise of this option and shall be exercised with respect to occupied units only to the extent that subleasing of additional units is necessary in order to bring the Project into compliance with the provisions of Sections 3, 4, 6 and 7, and any eviction carried out in connection with the exercise of such option shall be carried out in compliance with applicable laws. The option and any leases to the Issuer under this provision shall terminate with respect to each default upon the achievement, by the Borrower or the Issuer, of compliance with the requirements of Sections 3, 4, 6 and 7, and any subleases entered into pursuant to the Issuer's option shall be deemed to be leases from the Borrower. The Issuer shall make diligent efforts to rent Low Income Units to Low Income Tenants for monthly rental amounts equivalent to those collected from tenants of similar units in the Project, or such lesser maximum amounts as may be permitted by Section 6(a) hereof, but shall not be required to obtain such rental amounts. The Issuer shall seek to rent such units for the highest possible rents that may be charged, consistent with the rent and occupancy restrictions of this Regulatory Agreement. Tenant selection shall be performed utilizing the Borrower's reasonable management and selection policies. The Issuer subleases to Low Income Tenants pursuant to this paragraph shall not exceed six months in term and shall expressly permit the Borrower to increase the rents to the maximum amounts as may be permitted by Section 6(a) hereof for the respective households at the time the Borrower assumes the Issuer's position hereunder. Any rental paid under any such sublease shall be paid to the Borrower after the Issuer has been reimbursed for any expenses incurred in connection with such sublease. All rents received by the Issuer from such subleases, less the Issuer's expenses incurred in connection with such subleases, shall be placed into an escrow reasonably approved by the Borrower. All funds in such escrow shall be continuously pledged by the Issuer for the benefit of the Borrower. The Issuer agrees to allow the Borrower access to the Issuer's books and records relating to the collection and disbursement of rents received pursuant to such subleases.

All reasonable fees, costs and expenses (including reasonable attorneys' fees) of the Trustee and the Issuer incurred in taking any action pursuant to this Section shall be the sole responsibility of the Borrower.

No breach or default under this Regulatory Agreement shall defeat or render invalid any deed of trust, mortgage or like encumbrance upon the Project or any portion thereof given in good faith and for value.

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

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

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

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

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

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

Section 20. Recording and Filing.

(a) 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 Issuer or the Trustee may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording. This Regulatory Agreement shall be recorded in the grantor-grantee index to the name of the Borrower as grantor and the Issuer as grantee.

(b) The Borrower and the Issuer will file of record such other documents and take such other steps as are reasonably necessary, in the opinion of Bond Counsel, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(c) The Borrower hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents, executed and delivered in connection with a voluntary transfer of any interest in the Project 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.

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

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

The Issuer, the Trustee and the Borrower hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel (subject to the approval of the Issuer Attorney of the Issuer), in order that interest on the Bonds 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 counsel to the Issuer and a request that such Bond Counsel render to the Issuer an opinion as to the effect of such proposed amendment upon the Tax-exempt status of interest on the Bonds.

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 Issuer:	The Housing Authority of the County of Los Angeles 700 West Main Street Alhambra, CA 91801-3312 Attention: Pat Case and Jewel Warren-Reed Telephone: (626) 586-1830 Facsimile: (626) 943-3818
If to the Trustee:	U.S. Bank National Association 633 West Fifth Street 24th Floor Los Angeles, CA 90071 Attention: Corporate Trust Services
If to the Borrower:	Villa Nueva RHCP, LP The Housing Authority of the County of Los Angeles

	700 West Main Street Alhambra, CA 91801-3312 Attention: Carolina Romo Telephone: (626) 586-1824 Facsimile: [(626) 943-3816]
with a copy to:	Bocarsly, Emden, Cowan, Esmail & Arndt LLP 633 West Fifth Street, 70th Floor Los Angeles, CA 90071 Attention: Robert Cowan Telephone: (213) 239-8051 Facsimile: (213) 947-4144
If to the Investor Limited Partner	c/o Alliant Capital, Ltd. 340 Royal Poinciana Way, Suite 305 Palm Beach, FL 33480 Attention: Brian Goldberg Telephone: (561) 833-5795 Facsimile: (561) 833-3694
with a copy to:	c/o Alliant Asset Management Company LLC 21600 Oxnard Street, Suite 1200 Woodland Hills, CA 91367 Attention: Tony Palaigos, Esq. Telephone: (818) 668-6800 Facsimile: (818) 668-2828

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

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

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

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

Section 26. Nondiscrimination and Affirmative Action. The Trustee and the Borrower shall not discriminate in their employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, age, sexual orientation, disability, marital status, domestic partner status or medical condition. All subcontracts awarded under this Regulatory Agreement shall contain a like provision.

Section 27. Third-party Beneficiary. The CDLAC is intended to be and is a third-party beneficiary of this Regulatory Agreement, and the CDLAC shall have the right (but not the obligation) to enforce, separately or jointly with the Issuer or to cause the Issuer to enforce, the provisions of Section 7(e) of this Regulatory Agreement and to pursue an action for specific performance of such provisions or other available remedy at law or in equity in accordance with Section 18 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the Bondholder and shall otherwise be subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

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

Section 29. Americans with Disabilities Act. The Borrower and the Trustee each hereby certifies that it will comply with the Americans with Disabilities Act 42 U.S.C. Section 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L.110-325 and all subsequent amendments (the "ADA"). The Borrower and the Trustee each will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the ADA. The Borrower and the Trustee each will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by the Borrower or the Trustee, relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

Section 30. Limitation on Liability. Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Regulatory Agreement, (i) the liability of the Borrower under this Regulatory Agreement to any person or entity, including, but not limited to, the Trustee or the Issuer and their successors and assigns, is limited to the Borrower's interest in the Project, the Revenues, including the amounts held in the funds and accounts created under the Indenture or the Loan Agreement, or any rights of the Borrower under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of this Regulatory Agreement or any other agreement securing the obligations of the Borrower under this Regulatory Agreement; and (ii) from and after the date of this Regulatory Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Regulatory Agreement, any agreement pertaining to any Project or any other agreement securing the Borrower's obligations under this Regulatory Agreement), shall be rendered against the Borrower, the assets of the Borrower (other than the Borrower's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Indenture or the Loan Agreement, any rights of the Borrower under the Indenture or any other documents relating to the Bonds or any rights of the Borrower under any guarantees relating to the Project), its partners, members, successors, transferees or assigns and each of their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Regulatory Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding; provided, however, that the Borrower's liability shall not be so limited in the case of the following:

(a) a willful breach by the Borrower of the provisions of the Loan Documents limiting payments or distributions to members of the Borrower to the extent the Borrower receives such payments or distributions;

(b) any liability, damage, cost or expense incurred by the Issuer or the Trustee as a result of fraud, waste, willful misconduct or bad faith by the Borrower; and

(c) any failure by the Borrower to comply with Section 9 or Section 13 of this Regulatory Agreement.

In addition, each individual, other than any representative of the Issuer, signing this Agreement, or any other Loan Document, in a representative capacity, shall be personally liable for (a) the warranty and representation hereby or thereby made that such person has legal capacity and is authorized to sign this Regulatory Agreement or such Loan Document, as the case may be, and (b) intentional fraud by such person in connection therewith.

[Remainder of Page Intentionally Left Blank]

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

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, as Issuer

By ______________________________

Sean Rogan
Executive Director

Approved as to form:

JOHN K. KRATTLI, County Counsel

____
Deputy

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By ______________________________
Name ____________________________
Authorized Signatory

VILLA NUEVA RHCP, LP, a California limited partnership

By: Los Angeles County Housing Development Corporation, a California nonprofit public benefit corporation

Its: General Partner

By: ________________________________
Marlon L. Thompson, Vice Chairman

[Borrower Signature Page to Regulatory Agreement
Villa Nueva Project]

NOTARY ACKNOWLEDGMENT STATEMENT

STATE OF CALIFORNIA
COUNTY OF ____________

On ____________ before me, (here insert name and title of the officer), 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, (here insert name and title of the officer), 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, (here insert name and title of the officer), 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 unincorporated County of Los Angeles, State of California, described as follows:

[DESCRIPTION TO BE COMPLETED]

EXHIBIT B

FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Witnesseth that on this __ day of __________, ____, the undersigned, having borrowed certain funds from The Housing Authority of The County of Los Angeles (the "Issuer") for the purpose of financing a multifamily rental housing development (the "Project") located at 658-676 S. Ferris Avenue 90022 in the unincorporated County of Los Angeles does hereby certify that:

1. During the preceding [month/quarter] such Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the Issuer, ___% of the units in the Project were occupied by Low Income Tenants (minimum of 40% at Affordable Rents) and ___% of the units in the Project were occupied by Very Low Income Tenants (minimum of an additional 10% at Affordable Rents).

Set forth below are the names of Low Income Tenants and Very Low Income Tenants who commenced or terminated occupancy during the preceding month.

Commenced Occupancy	Terminated Occupancy
1.	1.
2.	2.
3.	3.

The units occupied by Low Income Tenants and Very Low Income Tenants are of similar size and quality to other units and are dispersed throughout the Project. Attached is a separate sheet listing the number of each unit and indicating which units are occupied by Low Income Tenants or Very Low Income Tenants, the size, the number of bedrooms of such units and the number of Low Income Tenants and Very Low Income Tenants who commenced occupancy of units during the preceding month.

2. *Select appropriate certification:* [No unremedied default has occurred under this Regulatory Agreement, the Loan Agreement or the Mortgage.] [A default has occurred. The nature of the default and the measures being taken to remedy such default are as follows: ____.]

3. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Date: ______________________ ____
Borrower

Unit No.	Low Income Unit	Very Low Income Unit	No. of Bedrooms	Rent	Total Eligible Income (for Units)	Size (Sq. Ft.)

Total Number of Units: _______________

Percentage of Low Income Units: ______________

Percentage of Very Low Income Units: ____________

Number of Low Income Tenants commencing occupancy this month: _____________

Number of Very Low Income Tenants commencing occupancy this month: _______

EXHIBIT C

FORM OF INCOME CERTIFICATION

[FORM OF INCOME CERTIFICATION]

VERIFICATION OF INCOME

RE: [Name of Project]
[Address of Project]

Apartment Number: ____________. Initial Occupancy Date: ____________________

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully, and truthfully each of the following questions for all persons who are to occupy the unit in the above apartment development for which application is made, all of whom are listed below:

1. **Name of Members of the Household**	**2.** **Relationship to Head of Household**	**3.** **Age**	**4.** **Social Security Number**	**5.** **Place of Employment**
	Head of Household			
	Spouse			

6. The anticipated income of all the above persons during the 12-month period beginning this date, including income described in (a) below, but excluding all income described in (b) below, is $___________.

(a) The amount set forth above includes all of the following income (unless such income is described in (b) below):

4821-0336-2840.2

(i) all wages and salaries, over-time pay, commissions, fees, tips and bonuses before payroll deductions;

(ii) net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);

(iii) interest and dividends (include all income from assets as set forth in item 7(b) below);

(iv) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;

(v) payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay;

(vi) the maximum amount of public assistance available to the above persons;

(vii) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;

(viii) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and

(ix) any earned income tax credit to the extent it exceeds income tax liability.

(b) <u>The following income is excluded from the amount set forth above</u>:

(i) casual, sporadic or irregular gifts;

(ii) amounts which are specifically for or in reimbursement of medical expenses;

(iii) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;

(iv) amounts of educational scholarships paid directly to a student or an educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes;

(v) hazardous duty to a member of the household in the armed forces who is away from home and exposed to hostile fire;

(vi) relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(vii) income from employment of children (including foster children) under the age of 18 years;

(viii) foster child care payments;

(ix) the value of coupon allotments under the Food Stamp Act of 1977;

(x) payments to volunteers under the Domestic Volunteer Service Act of 1973;

(xi) payments received under the Alaska Native Claims Settlement Act;

(xii) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(xiii) payments on allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

(xiv) payments received from the Job Partnership Training Act;

(xv) income derived from the disposition of funds of the Grand River Band of Ottawa Indians; and

(xvi) the first $2000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims or from funds held in trust for an Indian tribe by the Secretary of Interior.

7. If any of the persons described in column 1 above (or any person whose income or contributions were included in item 6) has any savings, stocks, bonds, equity in real property or other form of capital investment (excluding interests in Indian trust lands), provide:

(a) the total value of all such assets owned by all such persons: $____________, and

(b) the amount of income expected to be derived from such assets in the 12-month period commencing this date: $____________.

8. (a) Will all of the persons listed in column 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes ____________ No _____________

(b) (Complete only if the answer to Question 8(a) is "Yes"). Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes _____________ No ______________

We acknowledge that all of the foregoing information is relevant to the status under federal income tax law of the interest on bonds issued to finance the acquisition and rehabilitation of the apartment building for which application is being made. We consent to the disclosure of such information to the issuer of such bond, the holder of such bond, any agent acting on their behalf and any authorized agent of the Treasury Department or Internal Revenue Service.

We declare under penalty of perjury that the foregoing is true and correct.

Date: __________________________

____
Head of Household

____
Spouse

FOR COMPLETION BY PROJECT OWNER ONLY:

I. Calculation of eligible income:

(A) Enter amount entered for entire household from 6 above: $__________________

(B) If the amount entered in 7(a) above is greater than $5,000, enter:

(i) the product of the amount entered in 7(a) above multiplied by the current passbook savings rate as determined by HUD: $__________________

(ii) the amount entered in 7(b) above: $__________________

(iii) line (i) minus line (ii) (if less than $0, enter $0): $__________________

(C) TOTAL ELIGIBLE INCOME: $__________________
(Line I(A) plus line I(B)(iii))

II. Qualification as individuals or a family of Low Income or Very Low Income:

(A) (for Low Income Tenants) Is the amount entered in line I(C) less than 60% of median gross income for the Area?

Yes _____________ No ______________

(B) (for Very Low Income Tenants) Is the amount entered in line I(C) less than 50% of median gross income for the Area?

Yes _____________ No ______________

(C) (i) If line II(A) is "No," then the household does not qualify as individuals or a family of Low Income or Very Low Income as applicable; go to item III.

(ii) If line II(A) above is "Yes" and 8(a) above is "No," then the household qualifies as individuals or a family of Low Income or Very Low Income as applicable; go to item III.

(iii) If line II(A) above is "Yes" and 8(b) above is "Yes," then the household qualifies as individuals or a family of Low Income or Very Low Income as applicable; go to item III.

(iv) If neither (ii) nor (iii) is applicable, then the household does not qualify as individuals or a family of Low Income or Very Low Income as applicable.

III. (Check one)

(A) (for Low Income households) The household does <u>not</u> qualify as individuals or a family of Low Income. _____________.

The household qualifies as individuals or a family of Low Income. ______________.

(B) (for Very Low Income households) The household does <u>not</u> qualify as individuals or a family of Very Low Income. ____________.

The household qualifies as individuals or a family of Very Low Income. ______________.

IV. Number of apartment unit assigned: ______________
(enter here and on page one)

____
Borrower

NOTE TO PROJECT OWNER: A vacant unit that was previously a Low Income Unit or Very Low Income Unit, may be treated as a Low Income Unit or Very Low Income Unit until reoccupied, other than for a period of 31 consecutive days or less, at which time the character of the unit shall be redetermined.

OCCUPANCY CERTIFICATE

(To be filed with the Program Monitor along with a Verification of Income upon the rental of a unit in the Project.)

Project: VILLA NUEVA RHCP APARTMENTS located at 658-676 S. Ferris Avenue 90022

The tenant identified in the attached Verification of Income has entered into a lease with respect to a unit in the above-described Project.

Such tenant is / is not (*circle one*) a Low Income Tenant.

Or

Such tenant is / is not (*circle one*) a Very Low Income Tenant.

The rental of a unit to such tenant will not result in a violation of any of the requirements of the Loan Agreement or the Regulatory Agreement to which the Borrower is a party.

______________________________	______________________________
Witness	Borrower
Date: ______________________	Date: ______________________

EXHIBIT D

FORM OF ANNUAL TENANT INCOME RECERTIFICATION

HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES
ANNUAL TENANT INCOME RECERTIFICATION

Project name: Villa Nueva RHCP Apartments **[address**] _____

Apartment #________ Date of Original Certification____________

Resident name____

TO THE RESIDENT:
This form is a continuation of The Housing Authority of the County of Los Angeles (the "Issuer") Affordable Housing Program (the "Program") which was previously discussed with you. In order to keep you on the qualifying list, you will need to update the following information each year when you renew your lease. The Borrower is required by the Internal Revenue Code of 1986 and the Issuer to maintain this information in order to maintain the Program.

Household Composition:
1) Please list all of those individuals residing in your apartment.
2) Please list the anticipated annual income of all occupants of your household who are 18 years of age or older (if housemaker, or unemployed, etc.—please list as such).
3) If college or technical school student, please list if full-time or part-time student.

	NAME	SS#	AGE	ANTICIPATED ANNUAL INCOME*	OCCUPATION/ STUDENT
1)					
2)					
3)					
4)					
5)					
6)					
7)					

____
*SEE INCOME DEFINITION ATTACHED TO THIS FORM.

DO YOU OWN OR HAVE YOU ACQUIRED OR HAVE YOU DISPOSED OF ANY ASSETS OVER $5,000.00 IN THE PAST YEAR?__________

If so, please describe and list amount and annual income expected to be derived from such assets.________

If all persons residing in your apartment are full-time students, please indicate for each such person whether they are (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job-training program receiving assistance under the Job Training Partnership Act or under other similar federal, state or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act) or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents.

Please have all occupants over the age of 18 sign this certification.

I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

SIGNATURES:	DATE:
1) ______________________________	______________________________
2) ______________________________	______________________________
3) ______________________________	______________________________
4) ______________________________	______________________________

MANAGER'S SIGNATURE:

______________________________ ______________________________

DEFINITION OF INCOME

The full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, and bonuses; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets excluded below); the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments including any lump sum payment for the delayed start of a periodic payment; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; all public assistance income; periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone); lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses; amounts which are specifically for reimbursement of medical expenses;

amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self-Sufficiency; amounts for out-of-pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of $200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of $480 for each full-time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of $480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charges for the allotments; and payments to volunteers under the Domestic Volunteer Service Act of 1973.

EXHIBIT E

FORM OF CERTIFICATE OF CDLAC PROGRAM COMPLIANCE

Project Name: Villa Nueva RHCP Apartments

CDLAC Application No.: 13-084

Pursuant to Section 13 of Resolution No. 13-70 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on September 18, 2013, I, ____________________, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the Resolution, which specifies that once the Bonds are 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.

Please check or write N/A next to the items listed below:

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project has incorporated the minimum specification into the project design for all new construction and rehabilitation projects as evidenced by the attached third party certification (HERS Rater, Green Point Rater or US Green Building Council). For project under construction or rehabilitation, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of the bond.

_____ For projects that received points for exceeding the minimum requirements please attach the appropriate California Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner or HERS Rater as applicable.

____
Signature of Officer

____
Date

____
Printed Name of Officer

____
Title of Officer

EXHIBIT F

[Form of]

STATISTICAL REPORT TO ISSUER

Reporting Period:__________, ____. Date: __________________

As of the date hereof:

1. Total units: _____; units occupied by Low Income Tenants: _______; units occupied by Very Low Income Tenants: ________; vacant units most recently occupied by Low Income Tenants: _____; vacant units most recently occupied by Very Low Income Tenants: _____; other vacant units: _____.

2. Total units occupied by households with children, to the extent such information has been provided by tenants: _____; Low Income Units so occupied: ____; Very Low Income Units so occupied: ____.

3. To the extent such information has been provided by tenants, total units occupied by elderly households with a member of age 62 or over: _____; Low Income Units so occupied: ______; Very Low Income Units so occupied _____.

4. The number of Low Income Tenants who terminated their rental agreements during the previous 12-month period is _______________. The number of Very Low Income Tenants who terminated their rental agreements during the previous 12-month period is _______________.

5. The number of units rented to new Low Income Tenants during the last 12-month period is ______________. The number of units rented to new Very Low Income Tenants during the last 12-month period is______________.

6. To the extent such information has been provided by tenants, the family names of each household currently occupying a Low Income Unit and a Very Low Income Unit are listed on the schedule attached hereto.

7. The number of Low Income Units of various sizes is:

studio:
one-bedroom:
two-bedroom:
three-bedroom:

8. The number of Very Low Income Units of various sizes is:

studio:
one-bedroom:
two-bedroom:
three-bedroom:

VILLA NUEVA RHCP, LP, a California limited partnership, as Borrower

By:

EXHIBIT G

CDLAC RESOLUTION

TAX CERTIFICATE AS TO ARBITRAGE AND THE PROVISIONS OF SECTIONS 103 AND 141-150 OF THE INTERNAL REVENUE CODE OF 1986

In connection with the issuance by the Housing Authority of the County of Los Angeles (the "Issuer") of its $[2,300,000] aggregate principal amount of Multifamily Housing Revenue Bonds (Villa Nueva RHCP Apartments) 2014 Series B (the "Bonds") and in furtherance of the covenant of the Issuer contained in Section 10.6 of the Trust Indenture dated as of [ ] 1, 2014 (the "Indenture"), the covenant of the Borrower (as herein defined) contained in Section 4.20 of the Loan Agreement dated as of [ ] 1, 2014 (the "Loan Agreement"), and pursuant to Treasury Regulation Section 1.148-2(b)(2), the Issuer and the Borrower (as herein defined) make and enter into the following Tax Certificate.

SECTION 1. DEFINITIONS. Capitalized terms, if defined herein shall have the meanings set forth in Appendix A or, where not so defined, in the Indenture or the Loan Agreement.

SECTION 2. REPRESENTATIONS.

(a) **Purpose.** The Bonds are being issued on the date hereof (the "Delivery Date") to fund a loan (the "Mortgage Loan") to Villa Nueva RHCP, LP, a California limited partnership (the "Borrower"), the proceeds of which will be used to finance the acquisition, rehabilitation and development of a [ ]-unit multifamily residential rental project located at 658-676 S. Ferris Avenue 90022 in unincorporated County of Los Angeles, California, known as Villa Nueva RHCP Apartments (the "Project").

(b) **Responsible Persons.** The undersigned is an officer of the Issuer responsible for the issuance of the Bonds. The undersigned is an authorized signatory of the Borrower, and has made due inquiry with respect to and is fully informed as to matters set forth herein pertaining to the Bonds.

(c) **Statement as to Facts, Estimates and Circumstances.** The facts and estimates set forth in this Tax Certificate on which the Borrower's expectations as to the amount and use of the Gross Proceeds of the Bonds are based are made to the best of the knowledge and belief of the undersigned General Partner of the Borrower, and the expectations are reasonable. The facts and estimates set forth in this Tax Certificate on which the Issuer's expectations are based are based solely on the Borrower's expectations set forth in this Tax Certificate.

(d) **No Replacement; Average Maturity.** No portion of the amounts received from the sale of the Bonds will be used as a substitute for other funds which were otherwise to be used as a source of financing for the Bonds, and which will be used to acquire, directly or indirectly, Investment Property producing a yield in excess of the Bond Yield. The weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project. See Exhibit B attached hereto.

(e) **Compliance with Applicable Tax Law Requirements for Low Income Housing.** With respect to the Bonds, at least 95% of the proceeds will be used to finance "qualified residential rental projects" within the meaning of Section 142(d) of the Code. With respect to the Project, at least 40% of the units of the Project will be occupied at all times during the "qualified project period" by persons whose income determined in a manner consistent with determinations of lower income families under Section 8 of the United States Housing Act of

1937 utilizing 60% as the percentage of area median gross income which qualifies as lower income. The term "qualified project period" means with respect to the Project the period (i) beginning on the first day on which at least 10% of the units in the Project are first occupied; and (ii) ending on the latest of (1) the date which is 15 years after the date on which at least 50% of the residential units in the Project are occupied; (2) the first date on which no tax-exempt obligations issued with respect to the Project are outstanding; or (3) the date on which any Section 8 assistance terminates. Reference is hereby made to the Regulatory Agreement and Declaration of Restrictive Covenants dated as of [ ] 1, 2014 (the "Regulatory Agreement"). The representations and warranties of the Borrower contained in the Regulatory Agreement are true and correct in all material respects as of the date hereof. The Borrower reasonably believes that it will be able to comply with the covenants contained therein for the entire term of the Regulatory Agreement.

(f) **Compliance with Section 146 of the Code.** The Issuer represents that in compliance with the requirements of Section 146 of the Code (relating to volume cap), the Issuer has received an allocation of State of California volume cap in the amount of $[ ]. The Issuer represents that the private activity bond volume cap represents volume cap from 2011 ($1,819,000) and 2013 ($481,000) that was carried forward by a timely filing of Internal Revenue Service Forms 8328.

(g) **Compliance with Section 147(c) of the Code.** In compliance with the requirements of Section 147(c) of the Code (relating to the limitation on land acquisition), less than 25% of the proceeds of the Bonds will be used to finance the acquisition of land.

(h) **Compliance with Section 147(d) of the Code.** In compliance with the requirements of Section 147(d) of the Code (relating to the acquisition of used property), an amount equal to at least 15% of the cost of acquiring each building (and equipment) financed with the proceeds of the Bonds shall be used for "qualified rehabilitation expenditures." Rehabilitation expenditure shall mean, generally, any amount chargeable to a capital account incurred within two years of the later of (i) the date each building was acquired; or (ii) the date of delivery of the Bonds by the acquirer of each building in connection with its rehabilitation. Qualified rehabilitation expenditures do not include any expenditure described in Section 47(c)(2)(B) of the Code. All amounts constituting qualified rehabilitation expenditures must be depreciated on a straight line basis over a recovery period determined under Section 168(c) of the Code (generally 27.5 years for residential rental property).

(i) **Compliance with Section 147(e) of the Code.** In compliance with the requirements of Section 147(e) of the Code (relating to various prohibited uses), no portion of the proceeds of the Bonds will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or other store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(j) **Compliance with Section 147(f) of the Code**. In compliance with the requirements of Section 147 of the Code (relating to public approval), the issuance of the Bonds was approved by the Board of Supervisors of the County of Los Angeles on July 9, 2013, after a public hearing held on June 21, 2013, notice of which was published on June 4, 2013.

(k) **Bonds Not Hedge Bonds.** The Issuer and the Borrower reasonably expect to expend at least 85% of the "net sale proceeds" of the Bonds within three years of the date hereof and not more than 50% of the proceeds of such issue will be invested in Nonpurpose Investments having substantially guaranteed yields for four years or more.

(l) **Single Issue.** The Issuer does not expect to issue other obligations which will be: (a) sold at substantially the same time as the Bonds (*i.e.*, within 15 days of the date hereof, the date on which the Indenture was executed); (b) sold pursuant to the same plan of financing with the Bonds; and (c) reasonably expected to be paid from substantially the same source of funds as will be used to pay the Bonds. The Bonds are being issued pursuant to a draw-down loan. [ ], 2014 is the first day on which the aggregate draws under the draw-down loan will exceed the lesser of $50,000 or five percent of the issue price.

(m) **Program.** The Bonds will be part of a program (the "Program") meeting the provisions of Treasury Regulation Section 1.148-1(b) in that:

(1) The Program involves the origination or acquisition by the Issuer of Purpose Investments;

(2) At least 95% of the cost of the Purpose Investments acquired under the Program represents one or more loans to provide housing and related facilities;

(3) At least 95% of the receipts from the Purpose Investments are used for principal, interest or redemption prices on issues that financed the Program, to pay or to reimburse administrative costs of those issues or of the Program, to pay or reimburse anticipated future losses directly related to the Program, to finance additional Purpose Investments for the same general purpose of the Program, or to redeem or retire governmental obligations at the next earliest possible date of redemption; and

(4) The Borrower covenants that neither it nor any related persons, as defined in Section 147(a) of the Code, shall enter into any arrangement, formal or informal pursuant to which the Borrower shall purchase the Bonds in an amount related to the amount of its Mortgage Loan.

SECTION 3. REASONABLE EXPECTATIONS OF THE ISSUER AND THE BORROWER AS TO FACTS, ESTIMATES AND CIRCUMSTANCES. The Issuer and the Borrower make the following representations and statements of fact and expectation on the basis of which it is not expected that the proceeds of the Bonds will be used in a manner that will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code:

(a) **Application of Sale Proceeds**.

(1) **Sale Proceeds; No Overissuance.** The net amount expected to be received by the Issuer from the sale of the Bonds (the "Sale Proceeds") will be $[2,300,000], which amount consists of the aggregate principal amount of the Bonds. The Borrower is paying an origination fee of $[23,000]; however, that amount will be paid from a source of funds other than the proceeds of the Bonds. The Sale Proceeds and the investment earnings thereon do not exceed the amount necessary for the purpose set forth in Section 2(a) hereof by more than $100,000.

(2) **Project Fund.** As the proceeds of the Bonds are drawn down the amounts will be deposited into the Project Fund and used for the acquisition, construction and equipping of the Project. The total amount expected to be drawn down and deposited into the Project Fund is $[2,300,000].

(3) **Costs of Issuance.** None of the Sale Proceeds will be used for the payment of costs of issuance incurred in connection with the issuance of the Bonds. The costs of issuance will be paid from an equity contribution or other borrowings of the Borrower.

(b) **Mortgage Loan and Mortgage Yield.** The Borrower expects to make payments in amounts that are sufficient to pay debt service on the Bonds and to pay certain fees relating to the issuance of the Bonds. For purposes of calculating the yield on the Mortgage Loan, the Issuer reasonably expects and has assumed that (i) the amount of the Mortgage Loan is equal to $[2,300,000], (ii) the Borrower shall pay an amount sufficient to pay the principal of, premium, if any, and interest due on the Bonds, (iii) the Borrower shall pay the reasonable fees and expenses of the Issuer related to the issuance of the Bonds, equal to an initial fee of $[ ] (0.125% of the maximum principal amount of the Bonds) payable at closing, and an annual ongoing fee of 0.125% of maximum original principal amount of the Bonds for the term of the Qualified Project Period, and (iv) the Borrower shall pay an origination fee of $[23,000].

Based on the foregoing, the Borrower has determined that the yield on the Mortgage Loan will not exceed the yield on the Bonds by more than one and one-half percentage points.

(c) **Funds and Accounts**.

(1) **Bond Fund.** Money on deposit in the Bond Fund will be used primarily to achieve a proper matching of revenues and debt service on the Bonds in each Bond Year and will be depleted at least once each year except for a reasonable carryover amount not exceeding the greater of (i) the earnings on such fund for the immediately preceding bond year; or (ii) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding bond year.

(2) **Project Fund.** The Issuer reasonably expects, based on representations of the Borrower, that (i) at least 85% of the Sale Proceeds deposited into the Project Fund will be allocated to expenditures for the Project within three years of the date hereof; (ii) within six months of the Delivery Date, the Borrower will enter into binding obligations with third parties obligating the Borrower to expend at least five percent of the Sale Proceeds deposited into the Project Fund for the Project; and (iii) the Borrower will proceed with due diligence to the completion of the Project and the allocation of the Net Sale Proceeds to expenditures.

(3) **Principal Reserve Fund.** The Borrower will deposit amounts into a Principal Reserve Fund as, when and if required by the Note (as defined in the Indenture). Amounts on deposit in the Principal Reserve Fund, if any, shall in excess of 20% of the then outstanding principal amount of Bonds shall be used to repay Bonds.

(d) **No Other Funds.** Other than the Bond Fund, the Project Fund and the Principal Reserve Fund, no fund or account that secures the payment of debt service on the Bonds has been established, nor are any funds or accounts expected to be established for the payment of debt service on the Bonds, pursuant to any instrument.

(e) **Yield**.

(1) **Bond Yield.** The Bonds constitute a variable yield issue and, as such, a separate yield must be calculated for each Computation Period equal to the discount rate

that, when used in computing the present value as of the first day of the Computation Period as well as the Value of the Bond outstanding as of the end of the last day of the Computation Period, produces an amount equal to the Value of the Bond outstanding on the first day of such Computation Period. Notwithstanding the general definition of Value of the Bond, for purposes of computing the yield, the Value of the Bond as of the first day of the first Computation Period (the Delivery Date) is equal to the issue price of the Bonds (defined as the initial offering price to the public excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds was sold. The Bond Yield, therefore, will vary from Computation Period to Computation Period. The aggregate issue price of the Bonds, based on certain information provided by Citibank, N.A., is expected to be $[ ] (the face amount of the Bonds of $2,300,000 less an origination fee of $[ ]). See Exhibit A attached hereto.

(2) **Expectations Regarding Yield Limitations - Summary Chart**.

Fund or Account	Temporary Period of Unrestricted Investment	Restriction After Temporary Period	Excepted From Rebate (Y)/(N)
Bond Fund	13 months	Bond Yield plus 1/1000 of one percentage point	Y/N[1]
Project Fund	3 years	Bond Yield plus 1/8 of one percentage point	Y/N[2]
Replacement Proceeds Principal Reserve Fund	30 days	Bond Yield plus 1/1000 of one percentage point	N
Investment Earnings - Bond Fund	One Year	Bond Yield plus 1/8 of one percentage point	N
Investment Earnings – Project Fund	Later of 3 years from the date hereof or 1 year from the date of receipt	Bond Yield plus 1/8 of one percentage point	Y/N[2]

SECTION 4. REBATE REQUIREMENT, CALCULATIONS AND PAYMENT. The Issuer and the Borrower have covenanted to comply with the Rebate Requirement of Section 148(f) of the Code. The regulations promulgated thereunder are described in Appendix B. Certain exceptions to the Rebate Requirement are available. For a summary of these exceptions see Appendix C.

SECTION 5. ALLOCATION AND ACCOUNTING RULES. The Issuer and the Borrower have covenanted to comply with this Tax Certificate which includes the allocation and accounting rules described in Appendix D for purposes of allocating Gross Proceeds to the Bonds, allocating Gross Proceeds to investments, and allocating Gross Proceeds to expenditures.

[1] To the extent that the gross earnings on such funds do not exceed $100,000 for the Bond Year, such earnings shall not be subject to the Rebate Requirement.

[2] Depending upon whether or not one of the spending exceptions to the rebate requirement is satisfied.

SECTION 6. PROHIBITED INVESTMENTS AND DISPOSITIONS. Upon the purchase or sale of a Nonpurpose Investment, Gross Proceeds of an issue are not allocated to a payment for that Nonpurpose Investment in an amount greater than, or to a receipt from that Nonpurpose Investment in an amount less than, the fair market value of the Nonpurpose Investment as of the purchase or sale date. The fair market value of a Nonpurpose Investment is adjusted to take into account Qualified Administrative Costs allocable to the investment. Thus, Qualified Administrative Costs increase the payments for, or decrease the receipts from, a Nonpurpose Investment. The Issuer and the Borrower shall comply with the procedures with respect to compliance with these requirements contained in Appendix E.

SECTION 7. REMEDIAL ACTION. The Issuer and the Borrower will monitor the expenditure of bond proceeds and the use of the facilities financed with proceeds of the Bonds in order to assure that the Bonds continue to qualify as "qualified bonds" within the meaning of Section 141(e) or Section 145 of the Code, and the Issuer and the Borrower will consult with Bond Counsel as necessary to determine whether, and to what extent, if as a result of any change in the use or purpose of the financed facilities any remedial action is required under Treasury Regulation Sections 1.141-12, 1.142-2 and/or 1.145-2. The regulations promulgated thereunder are described in Appendix F.

SECTION 8. POST-ISSUANCE TAX COMPLIANCE PROCEDURES. The Issuer has adopted post-issuance tax compliance procedures in connection with all of its issuances of tax-exempt bonds. A copy of the post-issuance tax compliance procedures is attached hereto as Appendix G. The Issuer and the Borrower hereby covenant to comply with these procedures or any amendments thereto. In furtherance of the Borrower's covenant to comply with these procedures, the Borrower has designated [Marlon L. Thompson], [Vice Chairman], to serve as its compliance officer for this transaction. If, after the issuance or execution and delivery of the Bonds, the use of the facilities financed or refinanced with the proceeds of Bonds changes or if another violation of these procedures occurs which requires correction, the Borrower will, in consultation with its counsel, undertake a closing agreement through the Voluntary Closing Agreement Program of the Internal Revenue Service or take one of the actions permitted by the Code and associated Treasury Regulations.

SECTION 9. NO FEDERAL GUARANTEE. The Issuer and the Borrower covenant not to invest five percent or more of the Proceeds of the Bonds in federally insured deposits or accounts or otherwise invest such Proceeds in any obligation the payment of principal or interest on which is (in whole or in part) a direct obligation of or guaranteed by the United States (or any agency or instrumentality thereof). Notwithstanding the foregoing, the Borrower may invest the Proceeds of the Bonds in any investment guaranteed by the following agencies of the United States: (a) the Federal Housing Administration; (b) the Veterans Administration; (c) Fannie Mae; (d) the Federal Home Loan Mortgage Corporation; and (e) the Government National Mortgage Association. Moreover, the Borrower may invest the Proceeds of the Bonds (a) during an initial temporary period until such proceeds are needed for the purpose for which the Bonds were issued; (b) in a bona fide debt service fund; (c) in a reasonably required reserve or replacement fund; (d) in obligations issued by the United States Treasury; (e) in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended by Section 511(a) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989; or (f) in a refunding escrow.

SECTION 10. INFORMATION REPORTING. The Issuer and the Borrower have reviewed the Internal Revenue Service Form 8038 prepared by Bond Counsel to be filed in connection with the issuance of the Bonds, a copy of which is attached hereto as Exhibit C, and all of the information contained therein is, to the best of the Issuer's and Borrower's knowledge, true and complete.

SECTION 11. AMENDMENTS. This Tax Certificate sets forth the information, representations, and procedures necessary in order for Bond Counsel to render its opinion regarding the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation and may be amended or supplemented from time to time to maintain such exclusion only with the approval of Bond Counsel.

Notwithstanding any other provision herein, the covenants and obligations contained herein may be and shall be deemed modified to the extent the Issuer secures an opinion of Bond Counsel that any action required hereunder is no longer required or that some further action is required in order to maintain the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation.

SECTION 12. SUPPLEMENTATION OF THIS CERTIFICATE. The Issuer and the Borrower understand the need to supplement this Tax Certificate periodically to reflect further developments in the Federal income tax laws governing the exclusion from Federal gross income of interest on the Bonds and the Borrower will, periodically, seek the advice of its Bond Counsel as to the propriety of seeking the review of and supplements to this Tax Certificate from Bond Counsel.

[Remainder of this page intentionally left blank.]

Dated: ____________________

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, as Issuer

By:________________________________
Sean Rogan
Executive Director

Approved as to form:
John F. Krattli, County Counsel

____
Deputy

[SIGNATURE PAGE TO TAX CERTIFICATE]

Dated: ______________________

VILLA NUEVA RHCP, LP, A CALIFORNIA LIMITED PARTNERSHIP

By: Los Angeles County Housing Development Corporation, a California nonprofit public benefit corporation

Its: General Partner

By: ____
Marlon L. Thompson, Vice Chairman

[SIGNATURE PAGE TO TAX CERTIFICATE]

APPENDIX A

GENERAL DEFINITIONS

(a) "*Bond Counsel*" shall mean Kutak Rock LLP or any other law firm appointed by the issuer, having a national reputation in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds.

(b) "*Bond Year*" shall mean each one year period that ends on the day selected by the issuer. The first and last Bond Years may be short periods. If no day is selected by the issuer before the date that is five years from the issue date, each Bond Year ends on the anniversary of the issue date and on the final maturity date.

(c) "*Bond Yield*" shall have the meaning set forth in the Tax Certificate.

(d) "*Code*" shall mean the Internal Revenue Code of 1986.

(e) "*Commingled Fund*" shall mean any fund or account containing both Gross Proceeds of an issue and amounts in excess of $25,000 that are not Gross Proceeds of that issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account.

(f) "*Computation Date*" shall mean each date on which the rebate amount for an issue is computed.

(g) "*Computation Date Credit*" shall mean, with respect to an issue, a credit of $1,620 against the rebatable arbitrage on (i) the last day of each Bond Year during which there are amounts allocated to Gross Proceeds of an issue that are subject to the Rebate Requirement; and (ii) the final maturity date for an issue.

(h) "*Computation Period*" shall mean the period between Computation Dates. The first Computation Period begins on the date hereof and ends on the first Computation Date. Each succeeding Computation Period begins on the date immediately following the Computation Date and ends on the next Computation Date.

(i) "*Gross Proceeds*" shall mean any Proceeds and Replacement Proceeds of an issue.

(j) "*Investment Proceeds*" shall mean any amounts actually or constructively received from investing Proceeds of an issue.

(k) "*Investment Property*" shall mean any security or obligation within the meaning of Section 148(b)(2) of the Code, any annuity contract, any interest in any residential rental property for family units which is not located within the jurisdiction of the issuer, any "specified private activity bond" within the meaning of Section 57(a)(5)(C) of the Code, and any other Investment-Type Property.

(l) "*Investment-Type Property*" includes any property that is held principally as a passive vehicle for the production of income. A prepayment for property or services is Investment-Type Property if a principal purpose for prepaying is to receive an investment return from the time the prepayment is made until the time payment otherwise would be made. A prepayment is not Investment-Type Property if (i) the prepayment is made for a substantial business purpose other than investment return and the issuer has no commercially reasonable alternative to the prepayment; and (ii) prepayments on substantially the same terms are made by a substantial percentage of persons who are similarly situated to the issuer but who are not beneficiaries of tax-exempt financing.

(m) "*Multipurpose Issue*" shall mean an issue that is used for two or more separate governmental purposes.

(n) "*Net Sale Proceeds*" shall mean Sale Proceeds, less the portion of those Sale Proceeds invested in a reasonably required reserve or replacement fund.

(o) "*Nonpurpose Investment*" shall mean any Investment Property that is not a Purpose Investment.

(p) "*Nonpurpose Payment*" shall mean:

(1) amounts actually or constructively paid to acquire a Nonpurpose Investment (or treated as paid to a Commingled Fund);

(2) in the case of a Nonpurpose Investment that is first allocated to an issue on a date after it is actually acquired (*e.g.*, an investment that becomes allocable to Transferred Proceeds or to Replacement Proceeds) or that becomes subject to the Rebate Requirement on a date after it is actually acquired (*e.g.*, an investment allocated to a reasonably required reserve or replacement fund for a construction issue at the end of the two year spending period), the Value of that investment on that date;

(3) in the case of a Nonpurpose Investment that was allocated to an issue at the end of the preceding Computation Period, the Value of that Nonpurpose Investment at the beginning of the Computation Period; and

(4) the Computation Date Credit.

(q) "*Nonpurpose Receipt*" shall mean:

(1) amounts actually or constructively received from a Nonpurpose Investment (including amounts treated as received from a Commingled Fund);

(2) in the case of a Nonpurpose Investment that ceases to be allocated to an issue before its disposition or redemption date (*e.g.*, an investment that becomes allocable to Transferred Proceeds of another issue or that ceases to be allocable to the issue pursuant to the Universal Cap) or that ceases to be subject to the Rebate Requirement on a date earlier than its disposition or redemption date (*e.g.*, an investment allocated to a fund initially subject to the Rebate Requirement but that subsequently qualifies as a bona fide debt service fund), the Value of that Nonpurpose Investment on that date; and

(3) in the case of a Nonpurpose Investment that is held at the end of a Computation Period, the Value of that Nonpurpose Investment at the end of that Computation Period.

(r) "*Plain Par Bond*" or "*Plain Par Investment*" shall mean a bond (or an investment) (i) issued (or, in the case of an investment acquired on a date other than the issue date, acquired) with not more than a de minimis amount (*i.e.*, two percent of stated principal amount) of discount or premium; (ii) issued for a price that does not include accrued interest, other than Pre-Issuance Accrued Interest;

(iii) that bears interest from the issue date at a single, stated, fixed rate or that is a variable rate debt instrument under Section 1275 of the Code, in each case with interest unconditionally payable at least annually; and (iv) that has a lowest stated redemption price that is not less than its outstanding stated principal amount. In addition, a plain Par Bond shall include a "qualified tender bond" as defined in I.R.S. Notice 88-130.

(s) "*Pre-Issuance Accrued Interest*" shall mean amounts representing interest that has accrued on an obligation for a period of not greater than one year before its issue date but only if those amounts are paid within one year after the issue date.

(t) "*Proceeds*" shall mean any Sale Proceeds, Investment Proceeds and Transferred Proceeds of an issue.

(u) "*Purpose Investment*" shall mean an investment that is acquired to carry out the governmental purpose of an issue.

(v) "*Qualified Administrative Costs*" shall mean reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage and selling commissions that are comparable to those charged nongovernmental entities in transactions not involving Tax-exempt Bond proceeds, but <u>not</u> legal and accounting fees, recordkeeping, custody or similar costs. In addition, certain indirect administrative costs may be characterized as Qualified Administrative Costs with respect to Nonpurpose Investments in publicly offered regulated investment companies and certain "external commingled funds," as defined in Section 1.148-5(e)(2)(ii) of the Treasury Regulations. For a guaranteed investment contract, a broker's commission or similar fee paid on behalf of either an issuer or the provider is <u>not</u> a Qualified Administrative Cost to the extent that the present value (using the taxable rate applied by the parties to the contract in determining the commission or fee as the discount rate, or if that rate is not readily ascertainable then a reasonable taxable discount rate) of the commission or fee as of the date the contract is first allocated to the issue exceeds the lesser of (i) $38,000 or (ii) the greater of (A) .2 percent of the amount of gross proceeds the issuer reasonably expects, as of the date the contract is acquired, to be deposited in the contract over the term of the contract, or (B) $4,000.

(w) "*Rebate Bond Yield*" shall mean the Bond Yield unless either:

(1) the issuer or any conduit borrower enters into a hedge transaction (*e.g.*, interest rate swap, interest rate cap or collar) which has not otherwise been taken into account in computing the Bond Yield, in which case the issuer shall consult with Bond Counsel prior to entering into such a transaction to obtain guidance as to the determination of the Rebate Bond Yield; or

(2) the issuer or any conduit borrower, in a transaction that is separate and apart from the original sale of an issue, transfers, waives or modifies any right that is part of the terms of an issue (*e.g.*, a sale of the call rights on an issue). The issuer shall consult with Bond Counsel prior to entering into any such transaction.

(x) "*Rebate Requirement*" shall have the meaning ascribed thereto in the Tax Certificate.

(y) "*Replacement Proceeds*" shall mean amounts that have a sufficiently direct nexus to an issue to conclude that the amounts would have been used for that governmental purpose if the Proceeds of the issue were not used or to be used for that governmental purpose. For this purpose, governmental purposes include the expected use of amounts for the payment of debt service on a particular date. The mere availability or preliminary earmarking of amounts for a governmental purpose, however, does not in itself establish a sufficient nexus to cause those amounts to be Replacement Proceeds. Replacement Proceeds include, but are not limited to, amounts held in a sinking fund or a pledged fund. For these purposes, an amount is pledged to pay principal of or interest on an issue if there is reasonable assurance that the amount will be available for such purposes in the event that the issuer encounters financial difficulties. Replacement Proceeds also include working capital reserves that are directly or indirectly financed with Proceeds of the issue. Replacement Proceeds also include amounts held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders of the bonds or any guarantor of the bonds (known as a "negative pledge"), unless either (i) the issuer may grant rights in the amount that are superior to the rights of the bondholders or the guarantor or (ii) the amount is not in excess of the reasonable needs for which it is maintained, is tested not more frequently than once every six months and may be spent without any substantial restriction other than it be replenished before the next testing date.

(z) "*Sale Proceeds*" shall mean any amounts actually or constructively received by the issuer from the sale of an issue, including amounts used to pay underwriters' discount or compensation and accrued interest other than Pre-Issuance Accrued Interest.

(aa) "*Tax-exempt Bond*" means any bond or note the interest on which is excludable from gross income under Section 103 of the Code. In addition, in the context of investments of Gross Proceeds in Tax-exempt Bonds, such investments also include (i) an interest in a regulated investment company to the extent that at least 95% of the income to the holder thereof is interest excludable from gross income under Section 103 of the Code or (ii) a United States Treasury State and Local Government Series-Demand Deposit Certificate of Indebtedness.

(bb) "*Treasury Regulations*" shall mean the Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code, as in effect and applicable to the issue, and to the extent applicable, any subsequent amendments to such regulations or any successor regulations.

(cc) "*Universal Cap*" shall mean the Value of all then outstanding bonds of the issue.

(dd) "*Value*" (of a Bond) shall mean with respect to a Plain Par Bond, the outstanding principal amount, plus accrued unpaid interest; for any other bond, its present value.

(ee) "*Value*" (of an Investment) shall have the following meaning in the following circumstances:

(1) *General Rules*. Subject to the special rules in the following paragraph, an issuer may determine the Value of an investment on a date using one of the following valuation methods consistently applied for all purposes relating to arbitrage and rebate with respect to that investment on that date:

(i) an investment with not more than a two percent original issue discount or original issue premium may be valued at its outstanding stated principal amount, plus accrued unpaid interest;

(ii) a fixed rate investment may be valued at its present value;

(iii) an investment may be valued at its fair market value on a date.

(2) *Special Rules.* Yield restricted investments are to be valued at present value provided that (except for purposes of allocating transferred proceeds to an issue, for purposes of

the universal cap and for investments in a commingled fund other than a bona fide debt service fund unless it is a certain commingled fund):

(i) an investment must be valued at its fair market value when it is first allocated to an issue, when it is disposed of and when it is deemed acquired or deemed disposed of, and provided further that;

(ii) in the case of transferred proceeds, the value of a nonpurpose investment that is allocated to transferred proceeds of a refunding issue on a transfer date may not exceed the value of that investment on the transfer date used for purposes of applying the arbitrage restrictions to the refunded issue.

APPENDIX B

REBATE REQUIREMENT

(a) **Generally.** Section 148(f) of the Code requires that certain earnings on Nonpurpose Investments allocable to the Gross Proceeds of an issue be paid to the United States to prevent the bonds of the issue from being arbitrage bonds. The arbitrage that must be rebated is based on the difference between the amount actually earned on Nonpurpose Investments and the amount that would have been earned if those investments had a yield equal to the yield on the issue. As of any date, the rebate amount for an issue is the excess of the future value, as of that date, of all receipts on Nonpurpose Investments over the future value, as of that date, of all payments on Nonpurpose Investments. The future value of a payment or receipt at the end of any period is determined using the economic accrual method and equals the value of that payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the yield on the issue, using the same compounding interval and financial conventions used to compute that yield.

(b) **Computation Dates (Other than the Final Computation Date).** For a fixed yield issue, an issuer may treat any date as a Computation Date provided such date is within five years of the issue date. For a variable yield issue, an issuer may treat the last day of any Bond Year that is not later than five years from the issue date as a Computation Date and may not change that treatment after the first rebate payment, if any, is due. After the first rebate payment, if any, is due, an issuer must consistently treat either the end of each Bond Year or the end of each fifth Bond Year as Computation Dates and may not change these Computation Dates after the first rebate payment, if any, is due.

(c) **Final Computation Date.** The date that an issue is discharged is the Final Computation Date. For an issue retired within three years of its issue date, however, the Final Computation Date need not occur before the end of eight months after the issue date or during the period in which the issuer reasonably expects that any of the spending exceptions to the Rebate Requirement will apply to the issue.

(d) **Amount of Required Rebate.** The arbitrage rebate is generally paid in installments. The first rebate installment payment must be made for a Computation Date that is not later than five years after the issue date of the bonds. Subsequent installment payments must be made for a Computation Date that is not later than five years after the previous Computation Date for which an installment payment was made. For installment payment Computation Dates other than the Final Computation Date, an issuer must rebate an amount that when added to the future value, as of that Computation Date, of previous rebate payments made for the issue, equals at least 90% of the rebate amount as of that date. For the Final Computation Date, a final rebate payment must be paid in an amount that, when added to the future value of previous rebate payments made for the issue, equals 100% of the rebate amount as of that date.

(e) **Time and Manner of Payment.** Each rebate payment must be paid no later than 60 days after the Computation Date to which the payment relates. Any rebate payment paid within this 60-day period may be treated as paid on the Computation Date to which it relates. Each payment made pursuant to this Appendix shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201, and shall be accompanied by Form 8038-T.

(f) **Penalty in Lieu of Loss of Tax Exemption.** The failure to pay the correct rebate amount when required will cause the bonds of the issue to be arbitrage bonds, unless the Commissioner determines that the failure was not caused by willful neglect and the issuer promptly pays a penalty to the United States. If no bond of the issue is a private activity bond (other than a qualified 501(c)(3) bond), the penalty equals 50% of the rebate amount not paid when required to be paid, plus interest on that amount. Otherwise, the penalty equals 100% of the rebate amount not paid when required to be paid, plus interest on that amount. Interest accrues at the underpayment rate under Section 6621 of the Code, beginning on the date the correct rebate amount is due and ending on the date 10 days before it is paid. The penalty is automatically waived if the rebate amount that the issuer failed to pay plus interest is paid within 180 days after discovery of the failure, unless the Commissioner determines that the failure was due to willful neglect, or the issue is under examination by the Commissioner at any time during the period beginning on the date the failure first occurred and ending on the date 90 days after the receipt of the rebate amount. Generally, extensions of this 180-day period and waivers of the penalty in other cases will be granted by the Commissioner only in unusual circumstances.

(g) **Recovery of Overpayment of Rebate.** An issuer may recover an overpayment of a rebate amount for an issue of Tax-exempt Bonds by establishing to the satisfaction of the Commissioner that the overpayment occurred. An overpayment is the excess of the amount paid to the United States for an issue under Section 148 of the Code over the sum of the rebate amount for the issue as of the most recent Computation Date and all amounts that are otherwise required to be paid under Section 148 of the Code as of the date the recovery is requested. Notwithstanding the preceding sentence, an overpayment may be recovered only to the extent that a recovery on the date that it is first requested would not result in an additional rebate amount if that date were treated as a Computation Date. Furthermore, except for overpayments in certain limited circumstances, an overpayment of less than $5,000 may not be recovered before the Final Computation Date.

(h) **Recordkeeping Requirement.** An issuer must retain records of the determination of its Rebate Requirement until six years after the retirement of the last obligation of the issue.

(i) **Exception for earnings on gross proceeds in certain "bona fide debt service funds."** Earnings on Nonpurpose Investments of Gross Proceeds in a bona fide debt service fund are not taken into account in computing the arbitrage rebate liability for an issue if either (i) the gross earnings on such fund for the Bond Year is less than $100,000 or (ii) the issue is a long-term, fixed rate governmental bond issue (*i.e.*, the issue has an average maturity of at least five years and each of the bonds that are part of such issue are neither private activity bonds nor have rates of interest that vary during the term of the issue). For purposes of clause (i), an issuer may treat an issue with average annual debt service not exceeding $2,500,000 as satisfying the $100,000 limitation and therefore not earning more than $100,000 in any Bond Year.

APPENDIX C

SPENDING EXCEPTIONS TO REBATE

(a) **Generally.** All, or certain discrete portions, of an issue are treated as meeting the Rebate Requirement if one or more of the spending exceptions set forth in this Appendix are satisfied. Use of the spending exceptions is not mandatory, except that where an issuer elects to apply the 1-1/2 percent penalty (as described below) the issuer <u>must</u> apply that penalty to the Construction Issue. An issuer may apply the Rebate Requirement to an issue that otherwise satisfies a spending exception. Special definitions relating to the spending exceptions are contained in Section (h) of this Appendix.

Where several obligations that otherwise constitute a single issue are used to finance two or more separate governmental purposes, the issue constitutes a "multipurpose issue" and the bonds, as well as their respective proceeds, allocated to each separate purpose may be treated as separate issues for purposes of the spending exceptions. In allocating an issue among its several separate governmental purposes, "common costs" are generally not treated as separate governmental purposes and must be allocated ratably among the discrete separate purposes unless some other allocation method more accurately reflects the extent to which any particular separate discrete purpose enjoys the economic benefit (or bears the economic burden) of the certain common costs (*e.g.*, a newly funded reserve for a parity issue that is partially new money and partially a refunding for savings on prior bonds).

Separate purposes include refunding a separate prior issue, financing a separate Purpose Investment (*e.g.*, a separate loan), financing a Construction Issue, and any clearly discrete governmental purpose reasonably expected to be financed by the issue. In addition, as a general rule, all integrated or functionally related capital projects qualifying for the same initial temporary period (*e.g.*, three years) are treated as having a single governmental purpose. Finally, separate purposes may be combined and treated as a single purpose if the proceeds are eligible for the same initial temporary period (*e.g.*, advance refundings of several separate prior issues could be combined, or several non-integrated and functionally unrelated capital projects such as airport runway improvements and a water distribution system).

The spending exceptions described in this Appendix are applied separately to each separate issue component of a multipurpose issue unless otherwise specifically noted.

(b) **Six-Month Exception.** An issue is treated as meeting the Rebate Requirement under this exception if (i) the gross proceeds of the issue are allocated to expenditures for the governmental purposes of the issue within the six-month period beginning on the issue date (the "six-month spending period") and (ii) the Rebate Requirement is met for amounts not required to be spent within the six-month spending period (excluding earnings on a bona fide debt service fund). For purposes of the six-month exception, "gross proceeds" means Gross Proceeds other than amounts (i) in a bona fide debt service fund, (ii) in a reasonably required reserve or replacement fund, (iii) that, as of the issue date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the six-month spending period, (iv) that represent Sale Proceeds or Investment Proceeds derived from payments under any Purpose Investment of the issue and (v) that represent repayments of grants (as defined in Treasury Regulation Section 1.148-6(d)(4)) financed by the issue. In the case of an issue no bond of which is a private activity bond (other than a qualified 501(c)(3) bond) or a tax or revenue anticipation bond, the six-month spending period is extended for an additional six months for the portion of the proceeds of the issue which are not expended within the six-month spending period if such portion does not exceed the lesser of five percent of the Proceeds of the issue or $100,000.

(c) **18-Month Exception.** An issue is treated as meeting the Rebate Requirement under this exception if all of the following requirements are satisfied:

(1) the gross proceeds are allocated to expenditures for a governmental purpose of the issue in accordance with the following schedule (the "18-month expenditure schedule") measured from the issue date: (A) at least 15% within six months, (B) at least 60% within 12 months and (C) 100% within 18 months;

(2) the Rebate Requirement is met for all amounts not required to be spent in accordance with the 18-month expenditure schedule (other than earnings on a bona fide debt service fund); and

(3) all of the gross proceeds of the issue qualify for the initial temporary period under Treasury Regulation Section 1.148-2(e)(2).

For purposes of the 18-month exception, "gross proceeds" means Gross Proceeds other than amounts (i) in a bona fide debt service fund, (ii) in a reasonably required reserve or replacement fund, (iii) that, as of the issue date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the 18-month expenditure schedule, (iv) that represent Sale Proceeds or Investment Proceeds derived from payments under any Purpose Investment of the issue and (v) that represent repayments of grants (as defined in Treasury Regulation Section 1.148-6(d)(4)) financed by the issue. In addition, for purposes of determining compliance with the first two spending periods, the investment proceeds included in gross proceeds are based on the issuer's reasonable expectations as of the issue date rather than the actual Investment Proceeds; for the third, final period, actual Investment Proceeds earned to date are used in place of the reasonably expected earnings. An issue does not fail to satisfy the spending requirement for the third spending period above as a result of a Reasonable Retainage if the Reasonable Retainage is allocated to expenditures within 30 months of the issue date. The 18-month exception does not apply to an issue any portion of which is treated as meeting the Rebate Requirement as a result of satisfying the two-year exception.

(d) **Two-Year Exception.** A Construction Issue is treated as meeting the Rebate Requirement for Available Construction Proceeds under this exception if those proceeds are allocated to expenditures for governmental purposes of the issue in accordance with the following schedule (the "two-year expenditure schedule"), measured from the issue date:

(1) at least 10% within six months;

(2) at least 45% within one year;

(3) at least 75% within 18 months; and

(4) 100% within two years.

An issue does not fail to satisfy the spending requirement for the fourth spending period above as a result of unspent amounts for Reasonable Retainage if those amounts are allocated to expenditures within three years of the issue date.

(e) **Expenditures for Governmental Purposes of the Issue.** For purposes of the spending exceptions, expenditures for the governmental purposes of an issue include payments for interest, but not principal, on the issue, and for principal or interest on another issue of obligations. The preceding sentence does not apply for purposes of the 18-month and two-year exceptions if those payments cause the issue to be a refunding issue.

(f) **De Minimis Rule**. Any failure to satisfy the final spending requirement of the 18-month exception or the two-year exception is disregarded if the issuer exercises due diligence to complete the project financed and the amount of the failure does not exceed the lesser of three percent of the issue price of the issue or $250,000.

(g) **Elections Applicable to the Two-Year Exception.** An issuer may make one or more of the following elections with respect to the two-year spending exception:

(1) **Earnings on Reasonably Required Reserve or Replacement Fund.** An issuer may elect on or before the issue date to exclude from Available Construction Proceeds the earnings on any reasonably required reserve or replacement fund. If the election is made, the Rebate Requirement applies to the excluded amounts from the issue date.

(2) **Actual Facts.** For the provisions relating to the two-year exception that apply based on the issuer's reasonable expectations, an issuer may elect on or before the issue date to apply all of those provisions based on actual facts. This election <u>does not apply</u> for purposes of determining whether an issue is a Construction Issue if the 1-1/2 percent penalty in lieu of rebate election described in subsection (g)(4) of this Appendix is made.

(3) **Separate Issue.** For purposes of the two-year exception, if any proceeds of an issue are to be used for Construction Expenditures, the issuer may elect on or before the issue date to treat the portion of the issue that is not a refunding issue as two, and only two, separate issues, if (i) one of the separate issues is a Construction Issue, (ii) the issuer reasonably expects, as of the issue date, that such Construction Issue will finance all of the Construction Expenditures to be financed by the issue and (iii) the issuer makes an election to apportion the issue in which it identifies the amount of the issue price of the issue allocable to the Construction Issue.

(4) **Penalty in Lieu of Rebate.** An issuer of a Construction Issue may irrevocably elect on or before the issue date to pay a penalty (the "1-1/2 percent penalty") to the United States in lieu of the obligation to pay the rebate amount on Available Construction Proceeds upon failure to satisfy the spending requirements of the two-year expenditure schedule. The 1-1/2 percent penalty is calculated separately for each spending period, including each semiannual period after the end of the fourth spending period, and is equal to 1.5 percent times the underexpended proceeds as of the end of the spending period. For each spending period, underexpended proceeds equal the amount of Available Construction Proceeds required to be spent by the end of the spending period, less the amount actually allocated to expenditures for the governmental purposes of the issue by that date. The 1-1/2 percent penalty must be paid to the United States no later than 90 days after the end of the spending period to which it relates. The 1-1/2 percent penalty continues to apply at the end of each spending period and each semiannual period thereafter until the earliest of the following: (i) the termination of the penalty under Treasury Regulation Section 1.148-7(l), (ii) the expenditure of all of the Available Construction Proceeds or (iii) the last stated final maturity date of bonds that are part of the issue and any bonds that refund those bonds. If an issue meets the exception for Reasonable Retainage except that all retainage is not spent within three years of the issue date, the issuer must pay the 1-1/2 percent penalty to the United States for any Reasonable Retainage that was not so spent as of the close of the three-year period and each later spending period.

(h) **Special Definitions Relating to Spending Exceptions**.

(1) "*Available Construction Proceeds*" shall mean, with respect to an issue, the amount equal to the sum of the issue price of the issue, earnings on such issue price, earnings on amounts in any reasonably required reserve or replacement fund not funded from the issue (subject to the election referred to in Section (g)(1) of this Appendix) and earnings on all of the foregoing earnings, less the amount of such issue price in any reasonably required reserve or replacement fund and less the issuance costs financed by the issue. For purposes of this definition, earnings include earnings on any Tax-exempt Bond. Unless the issuer otherwise elects as described in Section (g)(2) of this Appendix, for the first three spending periods of the two-year expenditure schedule described in Treasury Regulation Section 1.148-7(e), Available Construction Proceeds include the amount of future earnings that the issuer reasonably expected as of the issue date. For the fourth spending period described in Treasury Regulation Section 1.148-7(e) and any subsequent date, as of which computations are made, Available Construction Proceeds include the actual earnings received to that date and earnings expected as of that date to be earned in the future. Earnings on any reasonably required reserve or replacement fund are Available Construction Proceeds only if the issuer did not elect to exclude such earnings pursuant to the election described in paragraph (g)(1) of this Appendix and only to the extent that those earnings accrue before the earlier of (i) the date construction is substantially completed or (ii) the date that is two years after the issue date. For this purpose, construction may be treated as substantially completed when the issuer abandons construction or when at least 90% of the total costs of the construction that the issuer reasonably expects as of such date will be financed with proceeds of the issue have been allocated to expenditures. If only a portion of the construction is abandoned, the date of substantial completion is the date that the non-abandoned portion of the construction is substantially completed.

(2) "*Construction Expenditures*" shall mean capital expenditures (as defined in Treasury Regulation Section 1.150-1) that are allocable to the cost of Real Property or Constructed Personal Property. Construction Expenditures do not include expenditures for acquisitions of interests in land or other existing Real Property.

(3) "*Construction Issue*" shall mean any issue that is not a refunding issue if (i) the issuer reasonably expects, as of the issue date, that at least 75% of the Available Construction Proceeds of the issue will be allocated to Construction Expenditures for property owned by a governmental unit or a 501(c)(3) organization and (ii) any private activity bonds that are part of the issue are qualified 501(c)(3) bonds or private activity bonds issued to finance property to be owned by a governmental unit or a 501(c)(3) organization.

(4) "*Constructed Personal Property*" shall mean Tangible Personal Property or Specially Developed Computer Software if (i) a substantial portion of the property is completed more than six months after the earlier of the date construction or rehabilitation commenced and the date the issuer entered into an acquisition contract; (ii) based on the reasonable expectations of the issuer, if any, or representations of the person constructing the property, with the exercise of due diligence, completion of construction or rehabilitation (and delivery to the issuer) could not have occurred within that six-month period; and (iii) if the issuer itself builds or rehabilitates the property, not more than 75% of the capitalizable cost is attributable to property acquired by the issuer.

(5) "*Real Property*" shall mean land and improvements to land, such as buildings or other inherently permanent structures, including interests in real property. For example, Real

Property includes wiring in a building, plumbing systems, central heating or air-conditioning systems, pipes or ducts, elevators, escalators installed in a building, paved parking areas, roads, wharves and docks, bridges, and sewage lines.

(6) "*Reasonable Retainage*" shall mean an amount, not to exceed five percent of (i) Available Construction Proceeds as of the end of the two-year expenditure schedule (in the case of the two-year exception to the Rebate Requirement) or (ii) Net Sale Proceeds as of the end of the 18-month expenditure schedule (in the case of the 18-month exception to the Rebate Requirement), that is retained for reasonable business purposes relating to the property financed with the issue. For example, a Reasonable Retainage may include a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable, or in which the issuer reasonably determines that a dispute exists regarding completion or payment.

(7) "*Specially Developed Computer Software*" shall mean any programs or routines used to cause a computer to perform a desired task or set of tasks, and the documentation required to describe and maintain those programs, provided that the software is specially developed and is functionally related and subordinate to Real Property or other Constructed Personal Property.

(8) "*Tangible Personal Property*" shall mean any tangible property other than Real Property, including interests in tangible personal property. For example, Tangible Personal Property includes machinery that is not a structural component of a building, subway cars, fire trucks, automobiles, office equipment, testing equipment, and furnishings.

(i) **Special Rules Relating to Refundings**.

(1) *Transferred Proceeds.* In the event that a prior issue that might otherwise qualify for one of the spending exceptions is refunded, then for purposes of applying the spending exceptions to the prior issue, proceeds of the prior issue that become transferred proceeds of the refunding issue continue to be treated as unspent proceeds of the prior issue; if such unspent proceeds satisfy the requirements of one of the spending exceptions then they are not subject to rebate either as proceeds of the prior issue or of the refunding issue. Generally, the only spending exception applicable to refunding issues is the six-month exception. In applying the six-month exception to a refunding of a prior issue, only transferred proceeds of the refunding issue from a taxable prior issue and other amounts excluded from the definition of gross proceeds of the prior issue under the special definition of gross proceeds contained in Section (b) above are treated as gross proceeds of the refunding issue and so are subject to the six-month exception applicable to the refunding issue.

(2) *Series of Refundings.* In the event that an issuer undertakes a series of refundings for a principal purpose of exploiting the difference between taxable and tax-exempt interest rates, the six-month spending exception is measured for all issues in the series commencing on the date the first bond of the series is issued.

(j) **Elections Applicable to Pool Bonds.** An issuer of a pooled financing issue can elect to apply the spending exceptions separately to each loan from the date such loan is made or, if earlier, on the date one year after the date the pool bonds are issued. In the event this election is made, no spending exceptions are available and the normal Rebate Requirement applies to Gross Proceeds prior to the date on which the applicable spending periods begin. In the event this election is made, the issuer may also elect to make all elections applicable to the two-year spending exception, described in Section (g) above, separately for each loan; any such elections that must ordinarily be made prior to the issue date must then be made by the issuer before the earlier of the date the loan is made or one year after the issue date.

APPENDIX D

ALLOCATION AND ACCOUNTING RULES

(a) **General Rule.** An issuer may use any reasonable, consistently applied accounting method to account for Gross Proceeds, investments and expenditures of an issue. An accounting method is "consistently applied" if it is applied uniformly within a Fiscal Period (as defined in Section (e) of this Appendix) and between Fiscal Periods to account for Gross Proceeds of an issue and any amounts that are in a Commingled Fund.

(b) **Allocation of Gross Proceeds to an Issue.** Amounts are allocable to only one issue at a time as Gross Proceeds. Amounts cease to be allocated to an issue as Proceeds only when those amounts (i) are allocated to an expenditure for a governmental purpose; (ii) are allocated to transferred proceeds of another issue of obligations; or (iii) cease to be allocated to that issue at retirement of the issue or under the Universal Cap.

(c) **Allocation of Gross Proceeds to Investments.** Upon the purchase or sale of a Nonpurpose Investment, Gross Proceeds of an issue are not allocated to a payment for that Nonpurpose Investment in an amount greater than, or to a receipt from that Nonpurpose Investment in an amount less than, the fair market value of the Nonpurpose Investment as of the purchase or sale date. The fair market value of a Nonpurpose Investment is adjusted to take into account Qualified Administrative Costs allocable to the investment. Thus, Qualified Administrative Costs increase the payments for, or decrease the receipts from, a Nonpurpose Investment.

(d) **Allocation of Gross Proceeds to Expenditures.** Reasonable accounting methods for allocating funds from different sources to expenditures for the same governmental purpose include a "specific tracing" method, a "gross-proceeds-spent-first" method, a "first-in-first-out" method or a "ratable allocation" method, so long as the method used is consistently applied. An allocation of Gross Proceeds of an issue to an expenditure must involve a current outlay of cash for a governmental purpose of the issue. A current outlay of cash means an outlay reasonably expected to occur not later than five banking days after the date as of which the allocation of Gross Proceeds to the expenditure is made.

(e) **Commingled Funds.** Any fund or account that contains both Gross Proceeds of an issue and amounts in excess of $25,000 that are not Gross Proceeds of that issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of the funds deposited therein, constitutes a "commingled fund." All payments and receipts (including deemed payments and receipts) on investments held by a commingled fund must be allocated (but not necessarily distributed) among each different source of funds invested in the commingled fund in accordance with a consistently applied, reasonable ratable allocation method. Reasonable ratable allocation methods include, without limitation, methods that allocate payments and receipts in proportion to either (i) the average daily balances of the amounts in the commingled fund from each different source of funds during any consistent time period within its fiscal year, but at least quarterly (the "Fiscal Period"); or (ii) the average of the beginning and ending balances of the amounts in the commingled fund from each different source of funds for a Fiscal Period that does not exceed one month.

Funds invested in the commingled fund may be allocated directly to expenditures for governmental purposes pursuant to a reasonable, consistently applied accounting method. If a ratable allocation method is used to allocate expenditures from the commingled fund, the same ratable allocation method must be used to allocate payments and receipts on investments in the commingled fund.

Generally a commingled fund must treat all its investments as if sold at fair market value either on the last day of the fiscal year or on the last day of each Fiscal Period. The net gains or losses from these deemed sales of investments must be allocated to each different source of funds invested in the Commingled Fund during the period since the last allocation. This mark-to-market requirement does not apply if (i) the remaining weighted average maturity of all investments held by a commingled fund during a particular fiscal year does not exceed 18 months, and the investments held by the commingled fund during that fiscal year consist exclusively of obligations; or (ii) the commingled fund operates exclusively as a reserve fund, sinking fund or replacement fund for two or more issues of the same issuer.

(f) **Universal Cap.** Amounts that would otherwise be Gross Proceeds allocable to an issue are allocated (and remain allocated) to the issue only to the extent that the Value of the Nonpurpose Investments allocable to those Gross Proceeds does not exceed the Value of all outstanding bonds of the issue. Nonpurpose Investments allocated to Gross Proceeds in a bona fide debt service fund for an issue are not taken into account in determining the Value of the Nonpurpose Investments, and those Nonpurpose Investments remain allocated to the issue. To the extent that the Value of the Nonpurpose Investments allocable to the Gross Proceeds of an issue exceed the Value of all outstanding bonds of that issue, an issuer should seek the advice of Bond Counsel for the procedures necessary to comply with the Universal Cap.

(g) **Expenditure for Working Capital Purposes.** Subject to certain exceptions, the Proceeds of an issue may only be allocated to "working capital expenditures" as of any date to the extent that those expenditures exceed "available amounts" as of that date (*i.e.*, "proceeds-spent-last").

For purposes of this section, the term "working capital expenditures" means all expenditures other than "capital expenditures." "Capital expenditures" are costs of a type properly chargeable (or chargeable upon proper election) to a capital account under general Federal income tax principles. Such costs include, for example, costs incurred to acquire, construct, or improve land, buildings and equipment having a reasonably expected useful life in excess of one year. Thus, working capital expenditures include, among other things, expenditures for current operating expenses and debt service.

For purposes of this section, "available amount" means any amount that is available to an issuer for working capital expenditure purposes of the type financed by the issue. Available amount excludes Proceeds of the issue but includes cash, investments and other amounts held in accounts or otherwise by an issuer or a related party if those amounts may be used by the issuer for working capital expenditures of the type being financed by the issue without legislative or judicial action and without a legislative, judicial, or contractual requirement that those amounts be reimbursed. Notwithstanding the preceding sentence, a "reasonable working capital reserve" is treated as unavailable. A working capital reserve is reasonable if it does not exceed five percent of the actual working capital expenditures of an issuer in the fiscal year before the year in which the determination of available amounts is made. For purposes of the preceding sentence only, in determining the working capital expenditures of an issuer for a prior fiscal year, any expenditures (whether capital or working capital expenditures) that are paid out of current revenues may be treated as working capital expenditures.

The proceeds-spent-last requirement does not apply to expenditures to pay (i) any Qualified Administrative Costs; (ii) fees for qualified guarantees of the issue or payments for a qualified hedge for the issue; (iii) interest on the issue for a period commencing on the issue date and ending on the date that is the later of three years from the issue date or one year after the date on which the financed project is placed in service; (iv) amounts to the United States for yield reduction payments (including rebate payments) or penalties for the failure to meet the spend down requirements associated with certain spending exceptions to the Rebate Requirement; (v) costs, other than those described in (i) through (iv) above, that do not exceed five percent of the Sale Proceeds of an issue and that are directly related to capital expenditures financed by the issue (e.g., initial operating expenses for a new capital project); (vi) principal or interest on an issue paid from unexpected excess sale or investment proceeds; (vii) principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a bona fide debt service fund; and (viii) principal, interest, or redemption premium on a prior issue and, for a crossover refunding issue, interest on that issue. Notwithstanding the foregoing, the exceptions described in this paragraph do not apply if the allocation merely substitutes Gross Proceeds for other amounts that would have been used to make those expenditures in a manner that gives rise to Replacement Proceeds.

APPENDIX E

VALUE OF INVESTMENTS

(a) **Fair Market Value.** The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding (*i.e.*, the trade date rather than the settlement date). An investment that is not of a type traded on an established securities market, within the meaning of Section 1273 of the Code, is <u>rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value</u>. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

(b) **Certificates of Deposit Safe Harbor.** A certificate of deposit that has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal shall be treated as purchased at its fair market value if the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States; and (ii) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(c) **Guaranteed Investment Contracts.** The purchase price of a guaranteed investment contract is treated as its fair market value on the purchase date if (i) the issuer makes a bona fide solicitation from at least three reasonably competitive providers (*i.e.*, a provider that has an established industry reputation as a competitive provider of the type of investments being purchased) for a specified guaranteed investment contract and receives at least three bona fide bids from providers (one of which is from a reasonably competitive provider) that have no material financial interest in the issue (*e.g.*, a lead underwriter, financial advisor or broker); (ii) the issuer purchases the highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's or other third party's fees); (iii) the yield on the guaranteed investment contract (determined net of broker's or other third party's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to other persons from a source of funds other than gross proceeds of tax-exempt bonds; (iv) the determination of the terms of the guaranteed investment contract takes into account as a significant factor the issuer's reasonably expected drawdown schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds; (v) the terms of the guaranteed investment contract, including collateral security requirements, are reasonable; (vi) the obligor on the guaranteed investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract; (vii) the fee does not exceed the lesser of (a) $38,000 or (b) the greater of (A) .2 percent of the amount of gross proceeds the issuer reasonably expects, as of the date the contract is acquired, to be deposited in the contract over the term of the contract, or (B) $4,000, and (viii) for any issue, the fees do not exceed $106,000 for all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with the gross proceeds of the issue. The foregoing limitations are effective for calendar year 2014 and may be adjusted annually for cost-of-living as provided for in the Regulations.

The issuer shall maintain records adequate to determine the fair market value of the investments described above.

APPENDIX F

REMEDIAL ACTION RULE WRITTEN PROCEDURES FOR EXEMPT FACILITY BONDS UNDER SECTION 142 OF THE CODE AND SECTION 1.142-2 OF THE REGULATIONS

(a) **General Rule**. If less than 95% of the net proceeds of an exempt facility bond are actually used to provide an exempt facility, and for no other purpose, the issue will be treated as meeting the use of proceeds requirement of Section 142(a) of the Code if the issue meets the conditions of paragraph (b) of this Appendix and the issuer takes the remedial action described in paragraph (c) of this Appendix.

(b) **Reasonable Expectations Requirement**. In order to take the remedial action described in paragraph (c) of this Appendix, the issuer must have reasonably expected on the issue date of the issue of exempt facility bonds that that 95% of the net proceeds of the issue would be used to provide an exempt facility and for no other purpose for the entire term of the bonds (disregarding any redemption provisions). To meet this condition the amount of the issue must have been based upon reasonable estimates about the cost of the facility.

The requirement set forth in this paragraph (b) was satisfied at closing of the issue of obligations described in the Tax Certificate to which this Appendix is attached.

(c) **Redemption or Defeasance**.

(1) *In General*. The requirements of this paragraph (c) are met if all of the nonqualified bonds of the issue are redeemed on the earliest call date after the date on which the failure to properly use the proceeds occurs. Proceeds of tax-exempt bonds (other than certain proceeds described in paragraph (d)(1) of this Appendix) must not be used for this purpose. If the bonds are not redeemed within 90 days of the date on which a failure to properly use proceeds occurs, a defeasance escrow must be established for those bonds within 90 days of that date.

(2) *Notice of Defeasance*. The issuer must provide written notice to the Commissioner of Internal Revenue of the establishment of a defeasance escrow within 90 days of the date the escrow is established.

(3) *Special Limitation*. The establishment of a defeasance escrow does not satisfy the requirements of this paragraph (c) if the period between the issue date and the first call date is more than ten and one half (10.5) years.

(4) *Special Rule for Dispositions of Personal Property*. For dispositions of personal property exclusively for cash, the requirements of this paragraph (c) are met if the issuer expends the disposition proceeds within six (6) months of the date of the disposition to acquire replacement property for the same qualifying purpose of the issue under Section 142 of the Code.

(5) *Definition of Disposition Proceeds*. Disposition proceeds means any amounts (including property, such as an agreement to provide services) derived from the sale, exchange, or other disposition of property (other than investments) financed with the proceeds of an issue.

(d) **When a Failure to Properly Use Proceeds Occurs**.

(1) *Proceeds Not Spent*. For net proceeds that are not yet spent, a failure to properly use proceeds occurs on the earlier of the date on which the issuer reasonably determines that the financed facility will not be completed or the date on which the financed facility is placed in service.

(2) *Proceeds Spent*. For net proceeds that are spent, a failure to properly use proceeds occurs on the date on which an action is taken that causes the bonds not be used for the qualifying purpose for which the bonds were issued.

(e) **Nonqualified Bonds**.

(1) *Amount of Nonqualified Bonds*. For purposes of this Appendix, the nonqualified bonds are a portion of the outstanding bonds in an amount that, if the remaining bonds were issued on the date on which the failure to properly use the proceeds occurs, at least 95% of the net proceeds of the remaining bonds would be used to provide an exempt facility. If no proceeds have been spent to provide an exempt facility, all of the outstanding bonds are nonqualified bonds.

(2) *Allocation of Nonqualified Bonds*. Allocations of nonqualified bonds must be made on a pro rata basis, except that an issuer may treat any bonds of an issue as the nonqualified bonds so long as—

(i) The remaining weighted average maturity of the issue, determined as of the date on which the nonqualified bonds are redeemed or defeased (determination date), and excluding from the determination the nonqualified bonds redeemed or defeased by the issuer to meet the requirements of paragraph (c) of this Appendix, is not greater than

(ii) The remaining weighted average maturity of the issue, determined as of the determination date, but without regard to the redemption or defeasance of any bonds (including the nonqualified bonds) occurring on the determination date.

APPENDIX G

POST-ISSUANCE TAX COMPLIANCE PROCEDURES

The Authority has adopted the following Post-Issuance Tax Compliance Procedures, the purpose of which is to establish policies and procedures in connection with Bonds issued by the Authority so as to ensure that all applicable post-issuance requirements of the Code and Regulations needed to preserve the tax-exempt status of the Bonds which are intended to be tax-exempt are met. The Authority reserves the right to use its discretion as necessary and appropriate to make exceptions or request additional provisions as it may determine. The Authority also reserves the right to change these policies and procedures from time to time, without notice.

General

Inasmuch as the Authority is a responsible conduit issuer authorizing the issuance of Bonds for borrowers that own and/or operate qualified residential rental projects (each, a "Borrower"), the Authority now identifies post-issuance tax compliance procedures for all Bonds authorized by the Authority, as well as the Authority's expectations of all Bond borrowers concerning these procedures.

Designation of Responsible Person(s)

The Authority hereby designates Patricia A. Case, Manager, Economic & Housing Development Division, Community Development Commission of the County of Los Angeles, as the officer with responsibility to oversee compliance herewith; provided that each Borrower shall retain responsibility for such written procedures described below. The Borrower shall designate an officer thereof in the Tax Certificate as its compliance officer with responsibility to oversee compliance with the written procedures described below, and shall inform the Authority of such designation and contact information for such employee(s). The Borrower shall also provide timely notice to the Authority of changes in such personnel from time to time.

Post-Issuance Compliance Requirements

External Advisors / Documentation

The Authority and the Borrower shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that Bonds which are intended to be tax-exempt will continue to qualify for tax-exempt status. Those requirements and procedures shall be documented in the Tax Certificate and/or other documents finalized at or before issuance of the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements by both the Borrower and the Trustee and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds.

The Borrower also shall consult with bond counsel and other legal counsel and advisors, as needed, following issuance of the Bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with the use of proceeds, as well as future contracts with respect to the use of Bond-financed or refinanced assets.

The Authority shall require the Borrower to engage expert advisors (each a "*Rebate Analyst*") to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds, unless the Tax Certificate documents that arbitrage rebate will not be applicable to an issue of Bonds.

Unless otherwise provided by the indenture or other authorizing documents relating to the Bonds, unexpended Bond proceeds shall be held by the Trustee, and the investment of Bond proceeds shall be managed by the Borrower. The Borrower shall prepare (or cause the Trustee to prepare) regular, periodic statements regarding the investments and transactions involving Bond proceeds and such statements shall be delivered to the Authority if it so requests.

Arbitrage Rebate and Yield

Unless the Tax Certificate documents that arbitrage rebate will not be applicable to an issue of Bonds, it is the Authority's policy that the Borrower shall be responsible for:

- engaging the services of a Rebate Analyst and, prior to each rebate calculation date, causing the trustee or other account holder to deliver periodic statements concerning the investment of Bond proceeds to the Rebate Analyst;
- providing to the Rebate Analyst additional documents and information reasonably requested by the Rebate Analyst;
- monitoring efforts of the Rebate Analyst;
- assuring payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed;
- during the construction period of each capital project financed in whole or in part by Bonds, monitoring the investment and expenditure of Bond proceeds and consult with the Rebate Analyst to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months or 24 months, as applicable, following the issue date of the Bonds; and
- retaining copies of all arbitrage reports and account statements as described below under "Record Keeping Requirements" and, upon request, providing such copies to the Authority.

The Borrower, in the Tax Certificate relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall agree to undertake the tasks listed above (unless the Tax Certificate documents that arbitrage rebate will not be applicable to an issue of Bonds).

Use of Bond Proceeds and Bond-Financed or Refinanced Assets:

It is the Authority's policy that the Borrower shall be responsible for:

- monitoring the use of Bond proceeds and the use of Bond-financed or refinanced assets (e.g., facilities, furnishings or equipment) throughout the term of the Bonds to ensure compliance with covenants and restrictions set forth in the Tax Certificate relating to the Bonds;

- maintaining records identifying the assets or portion of assets that are financed or refinanced with proceeds of each issue of Bonds, including a final allocation of Bond proceeds as described below under "Record Keeping Requirements;"

- consulting with bond counsel and other legal counsel and advisers in the review of any contracts or arrangements involving use of Bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Certificate relating to the Bonds;

- maintaining records for any contracts or arrangements involving the use of Bond-financed or refinanced assets as described below under "Record Keeping Requirements;"

- conferring at least annually with personnel responsible for Bond-financed or refinanced assets to identify and discussing any existing or planned use of Bond-financed or refinanced assets, to ensure that those uses are consistent with all covenants and restrictions set forth in the Tax Certificate relating to the Bonds; and

- to the extent that the Borrower discovers that any applicable tax restrictions regarding use of Bond proceeds and Bond-financed or refinanced assets will or may be violated, consulting promptly with bond counsel and other legal counsel and advisers to determine a course of action to remediate all nonqualified bonds, if such counsel advises that a remedial action is necessary.

The Borrower, in the Tax Certificate relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall agree to undertake the tasks listed above.

All relevant records and contracts shall be maintained as described below.

Record Keeping Requirements

It is the Authority's policy that the Borrower shall be responsible for maintaining the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least six years:

- a copy of the Bond closing transcript(s) and other relevant documentation delivered to the Borrower at or in connection with closing of the issue of Bonds, including any elections made by the Authority or Borrower in connection therewith;

- a copy of all material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, draw requests for Bond proceeds and evidence as to the amount and date for each draw down of Bond proceeds, as well as documents relating to costs paid or reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds, including a final allocation of Bond proceeds;

- a copy of all contracts and arrangements involving the use of Bond-financed or refinanced assets; and

- a copy of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements, in connection with any investment agreements, and copies of all bidding documents, if any.

For tax-exempt bond financings of qualified residential projects subject to the requirements of Section 142(d) of the Code, it is the Authority's policy that the Borrower shall be responsible for maintaining the following additional documents until the end of the "qualified project period" within the meaning of Section 142(d)(2)(A) of the Code, plus at least three years:

- a copy of all records evidencing compliance with the requirements of Section 142(d) of the Code including income verifications, leases, and rental records.

The Borrower, in the Tax Certificate relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall agree to the foregoing records retention requirements and procedures.

EXHIBIT A

<u>Bond Purchaser Certificate</u>

[   ], 2014

The Housing Authority of the County of Los Angeles
Monterey Park, California

Kutak Rock LLP
Omaha, Nebraska

$[   ]
The Housing Authority of the County of Los Angeles
Multifamily Housing Revenue Bonds
(Villa Nueva RHCP Apartments)
2014 Series B

Ladies and Gentlemen:

The undersigned on behalf of Citibank, N.A. (the "Purchaser") does hereby certify to the following as of the date of this certificate, relating to the sale and delivery by The Housing Authority of the County of Los Angeles of its $[   ] aggregate principal amount of Multifamily Housing Revenue Bonds (Villa Nueva RHCP Apartments), 2014 Series B (the "Bonds"):

(a) The Bonds will be purchased by the Purchaser for $[   ] (representing the par amount of the Bonds of $[   ]less a loan origination fee of $[   ]), which to the best of the Purchaser's knowledge, does not exceed the fair market value of the Bonds on the date hereof.

(b) The Purchaser will purchase the Bonds for its own account and has no present intention to resell the Bonds.

(c) It is the intention of the Purchaser, by the purchase of the Bonds, to be a lender for the purposes of financing the acquisition and construction of the Project (as defined in the Tax Certificate) and not to become an owner of the Project.

(d) We are aware that as a consequence of the modification of the interest rate on the Bonds on the Conversion Date, the Bonds is treated as being sold with an original issue discount. The amount of original issue discount which is treated as having accrued with respect to the Bonds is added to (including the addition of a negative amount which will have the effect of reducing) the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of the Bond (including its sale, redemption or payment at maturity).

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of the Bonds, on days that are determined by reference to the maturity date of the Bonds. The amount treated as original issue discount on the Bonds for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for the Bonds (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of the Bonds at the beginning of the particular accrual period if held by the original purchaser, less the amount of any "qualified stated interest" (as defined in Section 1.1273-1(c) of the Treasury Regulations) payable for the Bonds during the accrual period. The tax basis is determined by adding to the initial offering price on the Bonds (including the addition of a negative amount which will have the effect of reducing) the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If the Bonds are sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

[Remainder of this page intentionally left blank.]

We understand that Bond Counsel may rely upon this certification, among other things, in providing an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes.

Very truly yours,

CITIBANK, N.A.

By: ______________________________________
Richard Gerwitz, Vice President

EXHIBIT B

Reasonably Expected Economic Life

Description	A[1]	B[2]	C[3]	D[4]	E[5]	F[6]
Land ($0)	N/A	N/A	N/A	N/A	N/A	N/A
Building	[ ]	[ ]	0	[ ]	$	$

120% of the Average Reasonably Expected Economic Life of the Project[7]: __ Years.

[1] Economic Life (expressed in years). The Economic Life of an Asset is the longer of the reasonably expected economic life of the Asset or the "midpoint life" under the Asset Depreciation Range (*"ADR"*) system, as set forth in Revenue Procedure 87-56, 1987-2 C.B. 674, where applicable, and the "guideline lives" under Revenue Procedure 62-21, 1962-2 C.B. 418, in the case of structures.

[2] 120% of (A).

[3] If the Asset has not yet been placed in service, the number of years after the date hereof (expressed as a positive number) the Asset is expected to be placed in service. If the Asset has already been placed in service, the number of years prior to the date hereof (expressed as a negative number) the Asset was placed in service.

[4] The Adjusted Economic Life of the Asset ((B) plus (C)).

[5] The Cost of the Asset (expressed in dollars).

[6] The product of the Adjusted Economic Life of the Asset (D) and the Cost of the Asset (E).

[7] The sum of (F) divided by the sum of (E).

EXHIBIT C

Form 8038

BOND PURCHASE AGREEMENT

by and among

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES,

VILLA NUEVA RHCP, LP,

and

CITIBANK, N.A.

Dated [________] 1, 2014

Relating to:

$[2,300,000]
The Housing Authority of the County of Los Angeles
Multifamily Housing Revenue Bonds
(Villa Nueva RHCP Apartments)
2014 Series B

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BOND PURCHASE AGREEMENT

CITIBANK, N.A., a national banking association, solely in its capacity as purchaser of the Bonds described herein (together with its designees, successors and assigns, the "Purchaser"), hereby offers to enter into the following agreement with **THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES**, a public body, corporate and politic, organized and existing under the laws of the State of California (together with its successors and assigns, the "Issuer"), and **VILLA NUEVA RHCP, LP**, a California limited partnership (together with its permitted successors and assigns, the "Borrower"). Upon your acceptance of this offer and your execution and delivery of this Bond Purchase Agreement (this "Agreement"), this Agreement will be binding upon each of you and the Purchaser. This offer is made subject to your acceptance, evidenced by your execution and delivery of this Agreement to the Purchaser, at or prior to 9:00 A.M. New York, New York time on [________] 1, 2014 and will expire if not so accepted at or prior to such time (or such later time as the Purchaser may agree in writing).

Section 1. Definitions. The capitalized terms used in this Agreement have the meanings assigned to them in the Glossary of Terms attached as Exhibit A hereto.

Section 2. Purchase and Sale.

2.1 Subject to the terms and conditions set forth in this Agreement, the Purchaser hereby agrees to purchase, or to cause its designee to purchase, all (but not less than all) of the Bonds from the Issuer and the Issuer hereby agrees to sell to the Purchaser or to the Purchaser's designee, when, as and if issued, all (but not less than all) of the Bonds identified in Item 1 in Exhibit B attached hereto for a total purchase price equal to the purchase price set forth as Item 2 on Exhibit B attached hereto. Pursuant to the Indenture, the Bonds will be issued and purchased in installments as draw-down Bonds. The initial installment shall be in an amount no less than $55,000.

2.2 The Bonds will (i) be issued in accordance with the Issuer's enabling legislation and all applicable procedural and substantive requirements and the Indenture and (ii) have the payment related terms (that is, the dated date, maturity date, interest rates, interest payment dates and redemption provisions) set forth in Item 3 of Exhibit B attached hereto.

Section 3. Closing. The Closing will take place at the time and on the date set forth in Item 4 of Exhibit B attached hereto or at such other time or on such other date as may be mutually agreed upon by the parties hereto. At or prior to the Closing, the Issuer will direct the Trustee to deliver the Bonds to or upon the order of the Purchaser or its designee, in definitive form, duly executed and authenticated by the Trustee. If the Purchaser receives the Bonds in advance of the Closing, the Purchaser will hold the Bonds in escrow pending Closing. If Closing does not occur, the Purchaser will either return the Bonds to the Trustee or destroy the Bonds, as directed by the Trustee. Subject to the terms and conditions hereof, the Issuer will deliver or cause to be delivered at the Place of Closing as set forth in Item 4 of Exhibit B attached hereto, the other documents and instruments to be delivered pursuant to this Agreement (the "Closing Documents") and the Purchaser will accept delivery of the Bonds and Closing Documents and pay the purchase price for the Bonds as set forth in Section 2.1 above by wire transfer, to the Trustee, in immediately available federal funds, for the account of the Issuer or as the Issuer directs. The Bonds will be made available to the Purchaser at least one business day before the Closing for purposes of inspection. The Bonds will be prepared and delivered as fully registered Bonds without coupons in the denominations set forth in the Indenture.

Section 4. Representations and Warranties of Issuer.

4.1 The Issuer hereby makes the following representations and warranties to the Purchaser and the Borrower, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Issuer is a public body, corporate and politic, organized and existing under the laws of the State of California, and is authorized to execute and deliver this Agreement and the Issuer Documents and to issue, sell and deliver the Bonds pursuant to the laws of the State, including particularly the Act.

(b) The Issuer has, and as of the Closing Date will have, all necessary power and authority to (i) adopt the Resolution and execute and deliver the Issuer Documents, (ii) issue the Bonds in the manner contemplated by the Resolution, this Agreement and the Indenture, and (iii) otherwise consummate the transactions contemplated by the Issuer Documents.

(c) The Bonds will be issued in accordance with the Issuer's enabling legislation and all applicable procedural and substantive requirements.

(d) The Issuer has duly adopted the Resolution at a meeting duly called and held in accordance with applicable law and procedures of the Issuer, and since that time the Resolution has not been rescinded, amended or modified.

(e) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized the (i) execution and delivery of the Bonds and the Issuer Documents, (ii) performance by the Issuer of the obligations contained in the Bonds and in the Issuer Documents, and (iii) consummation by the Issuer of all of the transactions contemplated by the Issuer Documents.

(f) Assuming the valid authorization, execution and delivery of this Agreement and the Issuer Documents by the other parties thereto and the authentication of the Bonds by the Trustee, this Agreement is, the Bonds and the other Issuer Documents will be, the legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(g) All consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any court or governmental authority, board, agency, commission or body having jurisdiction which are required by or on behalf of the Issuer for the execution and delivery by the Issuer of the Issuer Documents or the Bonds, or the consummation by the Issuer of the transactions on its part contemplated hereby or thereby, have been obtained or will be obtained prior to Closing, except for the filing of the IRS Form 8038 and certain State regulatory filings (which will be filed after Closing).

(h) The execution and delivery by the Issuer of the Bonds and the Issuer Documents, and the consummation by the Issuer of the transactions on its part contemplated thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under (i) the Act, the Constitution of the State or the organizational documents of the Issuer, (ii) any applicable law, rule, regulation, judgment, decree, order or other requirement applicable to the Issuer, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Issuer is a party or by which the Issuer or its properties is bound.

(i) There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Issuer, threatened against or affecting the Issuer or its officials, in their respective capacities as such, or, to the best knowledge of the Issuer, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under the Indenture, (ii) which would in any way contest or affect the organization or existence of the Issuer or the entitlement of any officers of the Issuer to their respective offices or (iii) which may reasonably be expected to contest or have a material and adverse effect upon (A) the due performance by the Issuer of this Agreement or the Issuer Documents or the transactions contemplated hereby or thereby, (B) the validity or enforceability of the Bonds, the Resolution, this Agreement, the Issuer Documents or any other agreement or instrument to which the Issuer is a party that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the use of the proceeds of the Bonds to make loan. The Issuer is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(j) When delivered to the Purchaser against payment therefor in accordance with the provisions of this Agreement, the Bonds will be duly authorized, executed, issued, and delivered and will constitute the Issuer's legal, valid and binding special, limited obligations, enforceable in accordance with their terms (except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity), and will be entitled to the benefit and security of the Resolution and the Indenture.

(k) Other than the Issuer Documents, the Issuer has not entered into any contract or arrangement that might give rise to any lien or encumbrance on the revenues or other assets, properties, funds or interests pledged pursuant to the Indenture. The Issuer, when acting as a conduit issuer, issues bonds and notes as limited obligations payable solely from the revenues derived from the facilities financed by such issues. Some bonds issued by the Issuer may have been in default, but the facilities financed and the revenues derived from such facilities pursuant to any defaulted bond issues are separate and distinct from the transactions contemplated by the Issuer Documents.

(l) The Issuer has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(m) On the Closing Date, each of the representations and warranties of the Issuer contained herein and in the Issuer Documents and all other documents executed by the Issuer in connection with the Bonds shall be true, correct and complete.

4.2 Each of the representations and warranties set forth in this section speaks as of the date hereof and the Closing Date but will survive with respect to enforceability until the “Maturity Date” (as such term is defined in the Indenture) of the Bonds.

4.3 Any certificate signed by any official of the Issuer and delivered to the Borrower or the Purchaser in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Issuer to the Borrower or the Purchaser, as appropriate, as to the statements made therein.

Section 5. Representations and Warranties of Borrower.

5.1 The Borrower makes the following representations and warranties to the Issuer and the Purchaser as of the date hereof, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Borrower is, and at all times will be, a limited partnership, duly organized, validly existing and in good standing under the laws of the State and duly qualified, authorized and licensed under the laws of the State to transact business as a limited partnership for the purpose of owning and operating a multifamily housing facility in the State. All partners, members and other entities that comprise the Borrower and are included on the Borrower's signature page hereto (collectively, the "Partners"), are, and at all times will be organized, existing and in good standing under the laws of the State and are in good standing and duly qualified, authorized and licensed under the laws of the State, to the extent required by applicable law. There are no other general partners of the Borrower.

(b) The Borrower has, and on the Closing Date will have, full legal right, power and authority (i) to execute and deliver the Loan Documents and (ii) to consummate the transactions contemplated by this Agreement and the Loan Documents. The Partners have, and on the Closing Date will have, full legal right, power and authority to execute and deliver this Agreement and the other Loan Documents on behalf of the Borrower.

(c) Prior to the acceptance hereof, the Borrower has duly authorized the execution and delivery of this Agreement and the performance by the Borrower of the obligations contained herein and prior to the Closing Date the Borrower will have duly authorized the (i) execution and delivery of the Loan Documents, (ii) performance by the Borrower of the obligations contained in the Loan Documents, and (iii) consummation by the Borrower of all transactions contemplated by the Loan Documents.

(d) All consents, approvals, authorizations or orders of, notices to, or filings, registrations or declarations with, any court or governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower or for the execution and delivery by the Borrower of this Agreement and the other Loan Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby have been obtained or will be obtained prior to the Closing Date.

(e) The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(f) There is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending against or affecting the Borrower or the Partners or, to the knowledge of the Borrower, threatened against the Borrower or the Partners or any basis therefor (i) in any way affecting the organization and existence of the Borrower, (ii) contesting or materially affecting the validity or enforceability of this Agreement or the other Loan Documents, (iii) contesting the powers of the Borrower or its authority with respect to the Loan Documents, (iv) contesting the authority of the Partners to act on behalf of the Borrower, (v) wherein an unfavorable decision, ruling or finding would have a material adverse effect on (A) the operations or the financial position or condition of the Borrower, (B) the due performance by the Borrower of the Loan Documents as of the Closing Date, (C) the validity or enforceability of any of the Loan Documents, or (D) the transactions contemplated hereby or by any Loan

Document or (vi) in any way contesting the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(g) This Agreement is, and, when executed and delivered by the Borrower and the other parties thereto, the Loan Documents will be, the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(h) The execution and delivery by the Borrower of this Agreement and the Loan Documents and the consummation by the Borrower of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in a breach of or default under (i) the partnership agreement of the Borrower, (ii) any applicable law, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental body or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties is bound.

5.2 Each of the representations and warranties set forth in this Section will survive until the Maturity Date of the Bonds.

5.3 Any certificate signed by the Borrower or the Partners and delivered to the Purchaser and/or the Issuer shall be deemed a representation and warranty by the Borrower to the Purchaser and/or the Issuer as to the statements made therein.

<u>Section 6.</u> <u>Covenants</u>.

6.1 The Issuer hereby makes the following covenants with the Purchaser:

(a) Prior to the Closing, the Issuer will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Resolution or the Issuer Documents without prior written notice to the Purchaser.

(b) Prior to the Closing, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture and the other Issuer Documents.

(c) The Issuer will upon satisfaction of the requirements of the Indenture cause the Bonds to be delivered to the address and at the time specified by the Purchaser in conjunction with the Closing.

(d) The Issuer will follow the instructions and other provisions contained in the Indenture, Tax Certificate and Regulatory Agreement as to the use and investment of the proceeds of the Bonds and other sums held under the Indenture and the operation of the Project to the full extent of its control thereof under such documents. The Issuer will not take any action or fail to take any action which, in the opinion of Bond Counsel, would have an adverse effect upon the exclusion of interest on the Bonds from gross income for federal income tax purposes.

6.2 The Borrower hereby makes the following covenants with the Issuer and the Purchaser:

(a) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(b) Prior to the Closing, the Borrower will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of its obligations under the Loan Documents. After the Closing, the Borrower will use its best efforts to obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of its obligations under the Loan Documents.

(c) The Borrower shall not violate or breach any other covenants contained in the Loan Documents.

Section 7. Conditions of Closing.

7.1 The Purchaser has entered into this Agreement in reliance upon representations, covenants and agreements of the Issuer and the Borrower contained herein, in reliance upon the representations, covenants and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer and the Borrower of their obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Purchaser's obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds will be subject to the performance by the Issuer and the Borrower of their respective obligations to be performed by them hereunder at or prior to the Closing, and to the accuracy in all material respects of the representations, covenants and agreements of the Issuer and of the Borrower contained herein as of the date hereof and as of the Closing as if made on the Closing Date, and will also be subject to the following additional conditions:

(a) The Purchaser shall not have discovered any material error, misstatement or omission in the representations and warranties made by either of the Issuer or the Borrower in this Agreement, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) The Borrower and the Issuer shall have each performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by them at or prior to Closing.

(c) This Agreement, the other Issuer Documents and the Loan Documents each shall have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall be in form and substance satisfactory to the Purchaser and no event of default shall exist under any such documents.

7.2 In addition to the conditions set forth in Section 7.1, the obligations of the Purchaser to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Purchaser of the following items:

(a) An opinion of Bond Counsel, dated the Closing Date and addressed to the Purchaser, substantially in the form set forth in Exhibit C;

(b) An opinion of counsel (addressed to the Purchaser and the Trustee) or certificate of the Issuer, satisfactory in form and substance to the Purchaser, dated the Closing Date and covering the points identified in Exhibit D;

(c) An opinion or opinions of counsel to the Borrower, the Partners and the Guarantor, addressed to the Issuer and the Purchaser dated the Closing Date and substantially in the form set forth in Exhibit E;

(d) A certificate of the Borrower, dated the Closing Date and signed by the Partners, in form and substance satisfactory to the Purchaser and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion;

(e) An opinion of counsel to the Trustee or Trustee's certificate addressed to the Purchaser, covering the points identified in Exhibit F;

(f) A properly completed and executed IRS Form 8038;

(g) A certified copy of the Resolution and an executed original of each of the Issuer Documents and the Loan Documents; and

(h) Such additional financing statements, legal opinions, certificates and other documents as the Purchaser or Bond Counsel may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of the respective representations and warranties herein contained and to evidence compliance by the Issuer and the Borrower with this Agreement and all applicable legal requirements, and the due performance and satisfaction by either of you at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by you.

7.3 If any of the conditions set forth in Sections 7.1 or 7.2 have not been met on the Closing Date, the Purchaser may, at its sole option, terminate this Agreement or proceed to Closing upon waiving any rights under this Agreement with respect to any such condition. If this Agreement is terminated pursuant to this Section, no party will have any rights or obligations to any other party, except as provided in Section 10.

<u>Section 8.</u> <u>Actions and Events at the Closing</u>. The following events will take place at the Closing:

(a) The Issuer will deliver the Bonds to the Purchaser or its designee, at the place set forth in Item 4 in Exhibit B. The Bonds so delivered will be in the form required by the Indenture, duly executed on behalf of the Issuer and authenticated by the Trustee, and will be fully registered in the name requested by the Purchaser or its designee.

(b) The Borrower will deliver or cause to be delivered to the Purchaser at the place set forth in Item 4 in Exhibit B, or at such other place or places as the parties hereto may mutually agree upon, the materials described in Section 7.2.

(c) The Purchaser or its designee will deliver to the Trustee, for the account of the Issuer or as the Issuer directs, an amount equal to the purchase price of the Bonds as set forth in Item 2 of Exhibit B by wire transfer to the Trustee, in immediately available federal funds.

Section 9. Termination of Agreement. The Purchaser may terminate this Agreement, without liability therefor, by notifying you at any time prior to the Closing if:

(a) Any legislation is introduced in, or enacted by, the United States Congress, or shall have been reported out of committee or be pending in committee, or any decision is rendered by any court of competent jurisdiction, or any ruling or regulation, temporary regulation, release or announcement shall have been issued or proposed by the Treasury Department of the United States, the Internal Revenue Service, or any other agency of the government of the United States that, in the reasonable judgment of the Purchaser, has the purpose or effect of subjecting interest on the Bonds to inclusion in gross income for purposes of federal income taxation; or

(b) Any legislation is introduced in, or enacted by the United States Congress or any action is taken by, or on behalf of, the Securities and Exchange Commission, that, in the opinion of counsel to the Purchaser has the effect of requiring (i) the contemplated purchase of the Bonds, or the Indenture or the Loan Agreement to be registered under the 1933 Act or the Indenture to be qualified under the 1939 Act, or (ii) any governmental consents, approvals, orders or authorizations for the consummation of the transactions contemplated by this Agreement, the Issuer Documents or the Loan Documents which cannot, without undue expense, be obtained prior to the Closing Date.

(c) In the judgment of the Purchaser it becomes impracticable to market, purchase or sell the Bonds or to enforce commitments for the purchase of Bonds because (A) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (B) a general banking moratorium shall have been established by federal, New York or California authorities; or (C) a war involving the United States of America shall have been declared, or any other national or international calamity shall have occurred, or any conflict involving the armed forces of the United States of America shall have escalated to such a magnitude as to materially affect the ability of the Purchaser to purchase or sell the Bonds; or

(d) Any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way contesting any authority or security for or the validity of the Bonds, or the existence or powers of the Issuer; or

(e) Legislation shall have been introduced in or enacted by the legislature of the State that would, in the reasonable judgment of the Purchaser, adversely affect the security for the Bonds; or

(f) There shall have occurred any change that, in the reasonable judgment of the Purchaser, makes unreasonable or unreliable any of the assumptions upon which (i) yield on the Bonds for purposes of compliance with the Code, (ii) payment of debt service on the Bonds, or (iii) the basis for the exclusion from gross income for federal income tax purposes of interest on the Bonds, is predicated; or

(g) There shall have occurred any outbreak or material escalation of hostilities or other calamity or crisis, the effect of which on the financial markets of the United States is such as to make it, in the reasonable opinion of the Purchaser, impractical to enforce commitments for the purchase of the Bonds; or

(h) The Issuer shall fail to execute and deliver or to obtain one or more filings, consents, approvals, authorizations, registrations or other action requested by the Purchaser to be obtained or taken by the Issuer and such failure is based upon the Issuer's conclusion that such action is unduly burdensome and the Purchaser shall reasonably conclude that, as a result of the Issuer's failure to so execute and deliver or to obtain what has been requested by the Purchaser, the purchase of the Bonds will be materially adversely affected.

Section 10. Fees and Expenses; Costs of Issuance. All costs, fees and expenses incident to the performance of the Issuer's, Purchaser's and Borrower's obligations in connection with the issuance and purchase of the Bonds, including the reasonable expenses of counsel, as well as expenses relating to the meals, transportation, lodging, and entertainment incidental to implementing this Agreement, shall be paid by the Borrower to the Trustee by wire transfer of immediately available funds on the Closing Date.

Section 11. Indemnification by Borrower.

(a) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer, the Purchaser and each affiliate, member, officer, director, official, employee and agent of the Issuer and the Purchaser, past, present and future and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (referred to herein as an "Indemnified Party" and collectively as the "Indemnified Parties"), against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "Liabilities") caused by or directly or indirectly arising from or in any way relating to the Bonds, the Project, the loan of the proceeds of the Bonds, the Loan Agreement, the Indenture, this Agreement or any document related to the Bonds, the Project, the loan of the proceeds of the Bonds (the "Transaction Documents") or any transaction or agreement, written or oral, pertaining to the foregoing; provided, however, that the Borrower shall not be required to indemnify, save or hold harmless an Indemnified Party for losses caused by the gross negligence or the willful misconduct of the Indemnified Party.

(b) The Borrower also agrees to pay, defend, protect, indemnify, save and hold harmless the Purchaser and each affiliate, member, officer, director, official, employee and agent of the Purchaser from and against the Liabilities directly or indirectly arising from or relating to (i) any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by the Issuer pertaining to the Bonds and (ii) any fraud or misrepresentations or omissions contained in the proceedings of the Issuer pertaining to the financial condition of the Borrower.

(c) The Indemnified Party shall, in the event of any claim, suit, action or proceeding against it with respect to which indemnity may be sought on account of any indemnity agreement by the Borrower contained herein, promptly give written notice thereof to the Borrower. When such notice is given, the Borrower shall be entitled to participate, at its own expense, in the defense of, or if it so elects, to assume the defense of, such claim, suit, action or proceeding, in which event such defense shall be conducted by counsel chosen by the Borrower, provided that each Indemnified Party shall have the right to review and approve or disapprove any compromise or settlement which approval shall not be unreasonably withheld. If the Borrower shall elect not to assume such defense, it shall assume the payment of all expenses related thereto. Notwithstanding the above, 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, provided that the Borrower shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the Borrower to represent the Indemnified Party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the Indemnified Party and the Borrower and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it and/or other Indemnified Parties that are different from or additional to those available to the Borrower, (iii) the Borrower shall not have employed counsel satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iv) the Borrower shall authorize the Indemnified Party to employ separate counsel at the expense of the Borrower. Each and every Indemnified Party shall have the right to compromise, settle or conclude any claim, action or proceeding against it with the written consent of the Borrower, which consent shall not be unreasonably withheld. The foregoing notwithstanding, in the event that the Borrower shall assume such defense and any Indemnified Party or Parties shall be advised by independent legal counsel that counsel selected by the Borrower is not fully and adequately protecting such party or parties and representing the interests of such party or parties and the Borrower has been given written notice thereof and a reasonable opportunity to cure or find other counsel acceptable to the Indemnified Parties, any such Indemnified Party or Parties shall have the right to conduct its own defense against any such claim, suit, action or proceeding in addition to or in lieu of any defense conducted by the Borrower, and the Borrower shall indemnify and hold harmless such Indemnified Party or Parties against and from any and all suits, claims, damages, liabilities or expenses whatsoever, including reasonable fees and expenses of counsel selected by such Indemnified Party or Parties incurred by and arising out of or in connection with any such claim, suit, action or proceeding.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph (a) or (b) of this Section 11 is for any reason held to be unavailable, the Borrower and each Indemnified Party shall contribute proportionately to the aggregate Liabilities to which the Borrower and each Indemnified Party may be subject, so that each Indemnified Party is responsible for that portion represented by the percentage that the fees paid by the Borrower to such Indemnified Party in connection with the issuance and administration of the Bonds bear to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to such Indemnified Party in connection with the issuance and administration of the Bonds.

(e) The Indemnified Parties, other than the Issuer and the Purchaser, shall be considered to be third party beneficiaries of this Agreement for purposes of this Section 11. The provisions of this Section 11 will be in addition to all liability which the Borrower may otherwise have and shall survive any termination of this Agreement, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds. No person guilty of fraudulent misrepresentation (within the meaning of Section 10(b) of the Securities Exchange Act of 1934) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

(f) The indemnification hereunder shall be in addition to, and shall not limit, any indemnity granted by the Borrower pursuant to the Loan Agreement or any other document.

Section 12. Miscellaneous.

12.1 All notices, demands and formal actions hereunder will be writing and mailed, telecopied or delivered to the following address or such other address as any of the parties shall specify:

If to the Purchaser:	Citibank, N.A. c/o Citi Community Capital Transaction Management Group 390 Greenwich Street, 2nd Floor New York, NY 10013 Attention: Desk Head _____________ Deal # [________] Facsimile: (212) 723 8939 And Citibank, N.A. % Citi Community Capital Municipal Securities Division 325 East Hillcrest Drive, Suite 160 Thousand Oaks, CA 91360 Attention: Operations Manager/Asset Management Deal #[_________] Facsimile: (805) 557 0924
With a copy to:	Citibank, N.A. 390 Greenwich Street, 2nd Floor New York, NY 10013 Attention: Account Specialist _____________ Deal # [________] Facsimile: (212) 723 8209
If to the Issuer:	The Housing Authority of the County of Los Angeles 700 West Main Street Alhambra, CA 91801-3312 Attention: Pat Case and Jewel Warren-Reed Facsimile: (626) 943-3818
If to the Borrower:	Villa Nueva RHCP, LP Los Angeles County Housing Development Corporation c/o The Housing Authority of the County of Los Angeles 700 West Main Street Alhambra, CA 91801-3312 Attention: Carolina Romo Fax: (626) 943-3816

With a copy to:	Bocarsly Emden Cowan Esmail & Arndt LLP 633 West Fifth Street, 70th Floor Los Angeles, CA 90071 Attention: Robert Cowan Facsimile: (213) 947-4144
to the Investor Limited Partner	Alliant Asset Management Company, LLC c/o Alliant Capital, Ltd. 340 Royal Poinciana Way, Suite 305 Palm Beach, FL 33480 Attention: Brian Goldberg Facsimile: (561) 833-3694
with a copy to:	Alliant Asset Management Company, LLC 21600 Oxnard Street, Suite 1200 Woodland Hills, CA 91367 Attention: Tony Palaigos, Esq. Facsimile: (818) 668-2828

12.2 This Agreement will inure to the benefit of and be binding upon the parties hereto and their permitted successors and assigns and will not confer any rights upon any other person.

12.3 This Agreement may not be assigned by the Issuer or the Borrower without the prior written consent of the Purchaser. This Agreement may be assigned by the Purchaser upon written notice of such assignment from the Purchaser to the Issuer and the Borrower and prior written consent of the Issuer. The Purchaser may designate the entity in whose name the Bonds are to be registered at Closing by providing registration information to the Trustee and Bond Counsel on or prior to the Closing Date.

12.4 This Agreement may not be amended without the prior written consent of the Issuer, the Borrower and the Purchaser.

12.5 The representations, covenants and agreements of the Issuer and the Borrower will speak only as of the date hereof and the Closing Date but will not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of (a) any investigations made by or on behalf of the Purchaser (or statements as to the results of such investigations) concerning such representations, covenants and agreements and (b) delivery of and payment for the Bonds.

12.6 This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

12.7 This Agreement will become effective and binding upon the respective parties hereto upon the execution and delivery hereof by the parties hereto and will be valid and enforceable as of the time of such execution and delivery.

12.8 If any provision of this Agreement is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperable or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

12.9 This Agreement will be governed by and construed in accordance with the laws of the State applicable to agreements to be performed wholly therein.

12.10 Except as provided in Section 11, the obligations of the Purchaser and Borrower hereunder shall be without recourse to any shareholder, member, trustee, officer, employee, agent or manager of the Purchaser or Borrower and no shareholder, member, trustee, officer, employee, agent or manager of the Purchaser or Borrower shall be personally liable for the payment of any obligation of the Purchaser or Borrower, as applicable, hereunder. In the event any legal actions or proceedings are brought in respect of such obligations, any judgment against the Purchaser or Borrower shall be enforced only against the assets of the Purchaser or Borrower, as applicable, and not against any property of any trustee or manager of the Purchaser or Borrower.

12.11 The Issuer and the Borrower each acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction among the Issuer, the Borrower, and the Purchaser, (ii) in connection therewith and with the discussions, undertaking and procedures leading up to the consummation of such transaction, the Purchaser is and has been acting solely as a principal and is not acting as the agent, advisor, or fiduciary of the Issuer or the Borrower, (iii) the Purchaser has not assumed an advisory or fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Purchaser has provided other services or is currently providing other services to the Issuer or the Borrower on other matters) and the Purchaser has no obligation to the Issuer or the Borrower with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement and (iv) the Issuer and the Borrower have consulted their own legal, financial and other advisors to the extent they deem appropriate.

[Signature pages start on next page]

[Counterpart Signature Page to the Villa Nueva Bond Purchase Agreement]

If the foregoing accurately sets forth our mutual understanding concerning the subject matter hereof, kindly indicate your acceptance by executing this Agreement.

CITIBANK, N.A.,
a national banking association

By: ________________________________
Richard Gerwitz, Vice President

[Signatures continue on next page]

[Counterpart Signature Page to the Villa Nueva Bond Purchase Agreement]

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

By: ____________________________________
Sean Rogan
Executive Director

[Signatures continue on next page]

[Counterpart Signature Page to the Villa Nueva Bond Purchase Agreement]

VILLA NUEVA RHCP, LP,
a California limited partnership

By: Los Angeles County Housing Development Corporation, a California nonprofit public benefit corporation,
Its: General Partner

By: ________________________________
Marlon L. Thompson, Vice Chairman

EXHIBIT A – GLOSSARY OF TERMS

"Act" means Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California.

"Agreement" means this Bond Purchase Agreement, as amended from time to time.

"Bond Counsel" means Kutak Rock LLP.

"Bonds" means the Issuer's Multifamily Housing Revenue Bonds (Villa Nueva RHCP Apartments) 2014 Series B issued and delivered in the original principal amount of $[2,300,000].

"Borrower" means Villa Nueva RHCP, LP, a California limited partnership, and its successors and assigns.

"Closing" means the proceeding on the Closing Date at which the Bonds are delivered to the Purchaser.

"Closing Date" means [________] 1, 2014, the date on which the Closing takes place.

"Closing Documents" has the meaning ascribed to such term in Section 3 hereof.

"Code" means the Internal Revenue Code of 1986, as amended, together with all corresponding and applicable final or temporary regulations and revenue rulings issued or promulgated thereunder.

"Constitution" means the Constitution of the State.

"Guarantor" means the party or parties making the Exceptions to Non-Recourse Guaranty dated April 1, 2014 and the Completion Guaranty dated April 1, 2014 in connection with the issuance of the Bonds;

"Indenture" means that certain Trust Indenture dated as of April 1, 2014 between the Issuer and the Trustee.

"Indemnified Parties" means the Issuer, the Purchaser and each affiliate, member, officer, director, official, employee and agent of the Issuer and the Purchaser past, present and future and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended.

"Issuer" means The Housing Authority of the County of Los Angeles, a public body, corporate and politic, organized and existing under the laws of the State of California.

"Issuer Documents" means, collectively, the Indenture, the Loan Agreement, this Agreement, the Assignment of Deed of Trust and Loan Documents dated as of April 1, 2014 executed by the Issuer and all other agreements, documents and certificates as may be required to be executed and delivered by the Issuer to carry out, give effect to, and consummate the transactions contemplated by this Agreement or by the other Issuer Documents.

"Loan Agreement" means that certain Loan Agreement dated as of April 1, 2014 between the Issuer and the Borrower.

"Loan Documents" shall have the meaning ascribed to such term in the Indenture.

"Mortgage" means that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing executed by the Borrower and granting a first lien on the Project for the benefit of the Trustee (by assignment from the Issuer), including any amendments and supplements thereto.

"1933 Act" means the Securities Act of 1933, as amended.

"1934 Act" means the Securities Exchange Act of 1934, as amended.

"1939 Act" means the Trust Indenture Act of 1939, as amended.

"Note" means that certain multifamily note from the Borrower relating to the Bonds and secured by the Mortgage.

"Partners" means all partners, members and other entities that comprise the Borrower and are included on the Borrower's signature page to this Agreement.

"Project" means that certain scattered site multifamily housing facility consisting of approximately 41 units with related amenities and site improvements and related personal property and equipment located in the County of Los Angeles and known as Villa Nueva RHCP Apartments.

"Purchaser" means Citibank, N.A., or its designee or nominee, together with their respective permitted successors and assigns hereunder.

"Regulatory Agreement" means collectively those Regulatory Agreement and Declaration of Restrictive Covenants by and among the Issuer, the Trustee and the Borrower.

"Resolution" means the resolution or resolutions of the Issuer, authorizing, among other things, the execution and delivery by the Issuer of the Issuer Documents and the Bonds and the performance of its obligations thereunder.

"State" means the State of California.

"Trustee" means U.S. Bank National Association or its successors or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

EXHIBIT B – TERMS OF BONDS

1.	Title of Bonds:		$[2,300,000] The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bonds (Villa Nueva RHCP Apartments) 2014 Series B.
2.	Purchase Price:		100% of Aggregate Principal Amount.
3.	Payment Related Terms:		
	(a)	*Date of the Bonds*:	[________] 1, 2014.
	(b)	*Interest Payment Dates*:	[May 1], 2014 and the first Thursday of each month thereafter, or as set forth in the Indenture.
	(c)	*Aggregate Principal Amount*:	$[2,300,000].
	(d)	*Maturity Date*:	[October 1, 2045].
	(e)	*Interest Rates*:	From the Closing Date to the Conversion Date, the SIFMA Index Rate; on and after the Conversion Date, the Fixed Interest Rate.
	(f)	*Redemption Provisions*:	
		(i) Mandatory Redemption:	as set forth in the Indenture.
		(ii) Optional Redemption:	as set forth in the Indenture.
4.	Logistics of Closing:		
	(a)	*Time of Closing*:	12:00 noon, Place of Closing local time.
	(b)	*Date of Closing*:	[________] 1, 2014.
	(c)	*Place of Closing*:	Kutak Rock LLP, Los Angeles.
	(d)	*Delivery of Bonds*:	as directed by Purchaser, subject to the provisions of Section 3 hereof.

<u>EXHIBIT C – FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL</u>

[Letterhead of Bond Counsel]

[________] 1, 2014

Citibank, N.A.,
New York, New York

$[2,300,000]
The Housing Authority of the County of Los Angeles
Multifamily Housing Revenue Bonds
(Villa Nueva RHCP Apartments)
2014 Series B

[After appropriate introductory language, the opinion shall state substantially as follows:]

The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

EXHIBIT D – POINTS TO BE COVERED IN OPINION OF COUNSEL TO THE ISSUER/CERTIFICATE OF ISSUER

[After appropriate introductory language, the opinion or certificate shall state substantially as follows:]

(1) The Issuer is a public body, corporate and politic, organized and existing under the laws of the State of California duly organized and validly existing under the laws of the State of California.

(2) The Bond Resolution was duly adopted at a meeting of the governing board of the Issuer, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout. The Bond Resolution is in full force and effect and has not been amended, modified or superseded.

(3) The Issuer Documents have been duly executed and delivered by the Issuer and (assuming due authorization, execution and delivery by and validity against the other parties thereto) are valid and binding agreements of the Issuer.

(4) To the best of my knowledge, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body has been served upon the Issuer and is pending or is otherwise known to be threatened in any way affecting the existence of the Issuer, or the titles of the Issuer's officials to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds or the application of the proceeds thereof in accordance with the Indenture, or the collection or application of the Pledged Revenues (as defined in the Indenture) to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Issuer Documents or any action of the Issuer contemplated by any of said documents, or in any way contesting the powers of the Issuer or its authority with respect to the Issuer Documents or any action on the part of the Issuer contemplated by any of said documents, nor to my knowledge is there any basis therefor.

EXHIBIT E – FORM OF BORROWER'S COUNSEL OPINION

[Letterhead of Borrower's Counsel]

[________] 1, 2014

Citibank, N.A.,
a National banking association
New York, New York

The Housing Authority of the County of Los Angeles
Alhambra, California

Citigroup Global Markets Inc.,
a New York Corporation
New York, New York

U.S. Bank National Association
Los Angeles, California

Paul Hastings LLP
Los Angeles, California

Kutak Rock LLP
Omaha, Nebraska

$[2,300,000]
The Housing Authority of the County of Los Angeles
Multifamily Housing Revenue Bonds
(Villa Nueva RHCP Apartments)
2014 Series B
(the "Bonds")

Ladies and Gentlemen:

We are counsel for Villa Nueva RHCP, LP, a California limited partnership (the "Borrower"), [__________________], a [_____________________] (the "General Partner"), [__________________], a [_____________________] (the "Corporate Guarantor"), [____________], an individual resident of the State of California and ___________________, an individual resident of the State of California (the "Individual Guarantors"; and together with General Partner and Corporate Guarantor, collectively, the "Guarantors") in connection with the making of a loan in the amount of $[2,300,000] (the "Loan") being made from the proceeds of the issuance by The Housing Authority of the County of Los Angeles ("Issuer") and sale of the above-referenced Bonds to Citibank, N.A. (in its capacity as purchaser of the Bonds, the "Purchaser"). Citibank, N.A. (in its capacity as Bondholder Representative, "Bondholder Representative"), U.S. Bank National Association (in its capacity as trustee under the Trust Indenture, "Trustee") and Issuer are collectively referred to herein as the "Beneficiary Parties".

In our capacity as counsel to Borrower and Guarantors, we have examined certain documents with respect to the above-referenced transaction, including:

A. The Multifamily Note, dated as of [________] 1, 2014 in the original principal amount of $[2,300,000] executed by Borrower (the "Note");

B. The Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "Mortgage") dated as of April 1, 2014, executed by Borrower for the benefit of Issuer, granting a security interest in the real and personal property (the "Project") as more specifically described in the Mortgage;

C. The Assignment of Deed of Trust and Loan Documents dated as of April 1, 2014 by Issuer to Trustee (the "Issuer Assignment");

D. Uniform Commercial Code financing statement(s) naming Borrower as debtor (the "Financing Statement(s)");

E. Uniform Commercial Code financing statement(s) naming General Partner as debtor (the "Financing Statement(s)");

F. The Bond Purchase Agreement, dated as of [________] 1, 2014 by and among Borrower, Issuer and Purchaser;

G. The Continuing Disclosure Agreement, dated as of April 1, 2014 by and between Borrower and Trustee;

H. The Contingency Draw-Down Agreement, dated as of April 1, 2014, by and among the Borrower, Purchaser and Trustee;

I. The Loan Agreement, dated as of April 1, 2014 between Borrower and Issuer;

J. The Agreement of Environmental Indemnification, dated as of April 1, 2014 by Borrower for the benefit of Beneficiary Parties;

K. The Construction Funding Agreement dated as of April 1, 2014 between Borrower and Trustee;

L. The Agreement Regarding Conversion dated as of April 1, 2014 between Borrower and Trustee;

M. The Replacement Reserve Agreement dated as of April 1, 2014 between Borrower and Bondholder Representative;

N. The Completion Guaranty dated as of April 1, 2014 made by Guarantors for the benefit of Beneficiary Parties;

O. The Exceptions to Non-Recourse Guaranty dated as of April 1, 2014 made by Guarantors for the benefit of Beneficiary Parties;

P. The Borrower's Certificate and Agreement dated as of April 1, 2014 made by Borrower for the benefit of Beneficiary Parties;

Q. The Assignment of Equity Investor Capital Contributions, Pledge and Security Agreement dated as of April 1, 2014 by Borrower for the benefit of Trustee;

R. The Assignment of Equity Interests, Pledge and Security Agreement dated as of April 1, 2014 by General Partner for the benefit of Trustee;

S. The Assignment of Construction Contract dated as of April 1, 2014 by Borrower for the benefit of Trustee;

T. The Assignment of Architect's Agreement and Plans and Specifications dated as of April 1, 2014 by Borrower for the benefit of Trustee;

U. The Assignment of Project Documents dated as of April 1, 2014 by Borrower for the benefit of Trustee and Bondholder Representative;

V. The Assignment of Management Agreement dated as of April 1, 2014 by Borrower for the benefit of Trustee;

W. The Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-12 of the Internal Revenue Code of 1986 dated as of [________ __], 2014 by the Issuer and Borrower;

X. The Regulatory Agreements and Declarations of Restrictive Covenants, each dated as of April 1, 2014 by and among Borrower, the Issuer and the Trustee;

Y. A certified copy of the Limited Partnership Agreement and Certificate of Limited Partnership of Borrower, and a Certificate of Good Standing with respect to Borrower issued by the California Secretary of State on [__________] (collectively, the "Borrower Organizational Documents");

Z. A certified copy of the Articles of [Organization] and the [Bylaws] of General Partner, which executed the Loan Documents, and a certificate of existence with respect to General Partner issued by the California Secretary of State on [__________]; and a certified copy of the Articles of Organization of Corporate Guarantor and the Bylaws of Corporate Guarantor, and a Certificate of Good Standing with respect to Corporate Guarantor issued by the California Secretary of State on [__________] (collectively, the "Guarantor Organizational Documents");

AA. [Documents and other matters we deem appropriate, relating to the Housing Assistance Payments (HAP) Contracts under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1473f) that relate to the Project;]

BB. Such other documents, matters, statutes, ordinances, published rules and regulations, published judicial and governmental decisions interpreting or applying the same, and other official interpretations as we deemed applicable in connection with this opinion.

The documents listed in A through [X] above are referred to collectively as the "Loan Documents." [The documents listed as N and O above, are referred to collectively as the "Guarantor Documents."]

We have examined pertinent statutes and regulations and copies, certified or otherwise, identified to our satisfaction of such records of Borrower and Guarantors and have done such other investigation as we have considered necessary as a basis for the opinions hereinafter expressed. In the course of our examination and review and in connection with the opinions hereafter expressed, we have assumed the due authorization, execution and delivery of all documents by all parties thereto other than Borrower and Guarantors. We have also made such inquiries of Borrower and Guarantors and others as we have deemed necessary in connection with this opinion.

In basing the opinion set forth in this opinion on "our knowledge", the words "our knowledge" signify that, in the course of our representation of Borrower and Guarantor, no facts have come to our attention that would give us actual knowledge or actual notice that any such opinions or other matters are not accurate or that any of the Loan Documents are not accurate and complete. "Our knowledge" is a qualification as to factual matters and information, as qualified in this paragraph, and is not a qualification as to our knowledge of applicable laws, regulations, rulings and court decisions.

Based on the foregoing, it is our opinion that:

1. Borrower is a limited partnership, duly formed, validly existing and in good standing under the laws of the State of California and is qualified and in good standing wherever such qualification and/or standing are required, including the State of California.

2. Borrower has full legal right, power and authority to own its properties and conduct its business as now conducted, to borrow the proceeds of the Loan, and to execute and perform its obligations under the Loan Documents.

3. General Partner is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate/limited liability company/partnership power and all material governmental licenses, authorizations, consents and approvals necessary to own and operate its property and conduct its business. General Partner is qualified to do business in the State of California.

4. Corporate Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate/limited liability company/partnership power and all material governmental licenses, authorizations, consents and approvals necessary to own and operate its property and conduct its business.

5. All necessary partnership action, including required approvals, if any, by all partners of Borrower including General Partner, has been taken to authorize the execution, delivery and performance of the Loan Documents by Borrower. The individual or individuals who have executed the Loan Documents on behalf of General Partner of Borrower have the authority to bind General Partner and thereby Borrower to the terms and conditions of the Loan Documents.

6. All necessary corporate action, including required approvals, if any, by directors of Corporate Guarantor, has been taken to authorize the execution, delivery and performance of the Guarantor Documents by Corporate Guarantor. The individual or individuals who have executed the Guarantor Documents on behalf of Corporate Guarantor have the authority to bind Corporate Guarantor to the terms and conditions of the Guarantor Documents.

7. To the best of our knowledge after due and diligent inquiry, no authorization, consent, approval, license, exemption of, or filing or registration with, any municipal, county, state or Federal court or governmental department, commission, board, bureau, agency or instrumentality is or will be necessary for the valid execution or delivery by Borrower of the Loan Documents or by any Guarantor of the Guarantor Documents or their performance of their respective obligations thereunder, other than any filings, notices or recordings which may be required for the perfection of any liens, pledges or security interests granted pursuant to the Loan Documents or Guarantor Documents.

8. To the best of our knowledge after due and diligent inquiry, as of the date of this opinion letter, none of Borrower, General Partner nor any Guarantor is in any material respect in violation of, breach of or default under any applicable Constitutional provision or law of any state or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over Borrower, General Partner, or any Guarantor or any of their activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note agreement (including, without limitation, the Loan Documents) or other agreement or instrument to which any of Borrower, General Partner, or any Guarantor is a party or by which any of Borrower, General Partner or any Guarantor or any of their property or assets is bound, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instruments; and the execution and delivery of the Bonds, the Loan Documents and the Guarantor Documents, and compliance with the provisions on Borrower's, General Partner's or any Guarantor's part contained therein, do not and will not conflict with, or constitute on the part of Borrower, General Partner or any Guarantor a violation of, breach of or default under, any applicable constitutional provision or law of any state or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over Borrower, General Partner or any Guarantor or any of their activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note agreement or other agreement or instrument to which Borrower, General Partner, or any Guarantor is a party or by which Borrower, General Partner or any Guarantor or any of their property or assets is bound, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of Borrower, General Partner or any Guarantor or under the terms of any such law, regulation or instrument, except as provided by the Bonds, the Loan Documents or the Guarantor Documents.

9. To the best of our knowledge after due and diligent inquiry, other than any filings, notices or recordings which may be required for the perfection of any liens, pledges or security interests granted pursuant to the Loan Documents, Borrower has obtained all material permits, licenses or other authorizations or approvals necessary under the laws of the State of California and the United States of America for the operation of the Project as multifamily residential rental housing and all such licenses, permits, authorizations and approvals are valid and are in full force and effect.

10. Each of the Loan Documents has been duly executed and delivered by Borrower and constitutes the valid and legally binding obligation of Borrower, enforceable against Borrower in accordance with its terms, subject to (i) applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally, and (ii) the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or of equity); and (iii) certain remedies, waivers, and other provisions of the Loan Documents may not be enforceable, but, subject to the qualifications set forth in the foregoing subparagraphs (i) and (ii), such unenforceability will not preclude (a) the enforcement of the obligation of the Borrower to pay the principal, interest and prepayment premium, if any, as provided in the Note, and (b) the foreclosure of the Mortgage upon the event of a material breach.

11. The execution and delivery of, and the performance of the obligations under, the Loan Documents, will not violate the Borrower Organizational Documents nor the organizational documents of General Partner.

12. Neither the execution and delivery by Borrower of the Loan Documents, nor the fulfillment of the terms of the Loan Documents violate any law or regulations applicable to Borrower or court decree known to us to be applicable to Borrower; and, to the best of our knowledge after due and diligent inquiry, none of such actions will result in a breach of, or constitute a default under any agreement, indenture or other instruments to which Borrower or General Partner is a party or by which it is bound.

13. Each of the Guarantor Documents has been duly executed and delivered by each Guarantor and constitutes the valid and legally binding obligation of each Guarantor, enforceable against each Guarantor in accordance with its terms, subject to (i) applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally, and (ii) the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or of equity).

14. The execution and delivery of, and the performance of the obligations under, the Guarantor Documents, will not violate the Guarantor Organizational Documents.

15. Neither the execution and delivery by Guarantors of the Guarantor Documents, nor the fulfillment of the terms of the Guarantor Documents violate any law or regulations applicable to any Guarantor or court decree known to us to be applicable to any Guarantor; and, to the best of our knowledge after due and diligent inquiry, none of such actions will result in a breach of, or constitute a default under any agreement, indenture or other instruments to which any Guarantor is a party or by which it is bound.

16. To the best of our knowledge after due and diligent inquiry, as of the Closing Date, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, Federal or other, pending or, to the best of our knowledge, threatened against Borrower, General Partner or any Guarantor, affecting the existence of Borrower, General Partner or any Guarantor or the titles of its officers to their respective offices, or contesting or affecting as to Borrower, General Partner or any Guarantor the validity or enforceability of the Act (as defined in the Indenture), the Bonds, any Loan Document or any Guarantor Document or the execution and delivery or adoption by Borrower of any Loan Document or Guarantor of any Guarantor Document or in any way contesting or challenging the powers of Borrower, General Partner or any Guarantor or its authority with respect to the Loan Documents or the Guarantor Documents, as applicable, or the consummation of the transactions contemplated thereby; nor, to the best of our knowledge after due and diligent inquiry, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial condition or operations of Borrower, General Partner or any Guarantor or the validity of the authorization, execution, delivery or performance by Borrower or General Partner of any Loan Documents or by any Guarantor of any Guarantor Documents.

17. The Mortgage is in appropriate form for recordation in the land records of the County of Los Angeles and upon such recordation, will create the encumbrance and security interest it purports to create in the real property, including fixtures, as described in the Mortgage. Enforcement of the remedies provided in the Mortgage with respect to Borrower or the Project will not, except as expressly limited by the terms of the Mortgage, deprive any secured party of its right to seek a deficiency or personal judgment nor will it limit the

right to foreclose on other security or collateral securing the debt. The Mortgage satisfies the requirements of [applicable state statute governing mortgages].

18. Filing of the Financing Statements in the office of the [Office of the County Clerk/Recorder of Deeds] of Los Angeles County, California and in the Office of the Secretary of State of the State of California (collectively, the "Filing Offices"), will perfect the security interest granted under the Loan Documents in the personal property (the "Personalty") of Borrower located in the State of California. The Filing Offices are the only offices in the State of California in which the Financing Statement(s) are required to be filed in order to perfect the security interest in the Personalty as contemplated by the Loan Documents.

19. [Reserved]

20. Only the Issuer Assignment and the Financing Statements are required under the laws of the State of California to be recorded or filed in order to effect a valid and binding assignment of the Loan to the Trustee (assuming the Issuer Assignment and the endorsement to the Note have been duly authorized, executed and delivered by the Issuer). In connection therewith, the [Office of the County Clerk/Recorder of Deeds] of Los Angeles County, California is the only office in the State of California in which the Issuer Assignment is required to be recorded or filed. Assuming the Issuer Assignment and the endorsement of the Note are duly authorized, executed, and delivered by the Issuer and the Issuer Assignment is recorded in the appropriate offices of the State of California and the Financing Statements are filed in Filing Offices, the Issuer Assignment and the endorsement of the Note are adequate under the laws of the State of California to effect a valid and binding assignment of the Loan to the Trustee.

21. Under the laws of the State of California, the holder of the Loan is not required to pay interest to Borrower on any escrow or reserve accounts established by such holder or any other party for the payment of real estate taxes and assessments or insurance premiums or for replacements to the Project.

22. The Loan Documents are governed by the laws of the State of California and with reference to the usury laws of the State of California, in which the Project is located, the payment of all interest, loan fees, late fees, prepayment premiums, the default rate of interest and other charges under and pursuant to the Loan Documents are not usurious under the law of such State. No Federal, state or local laws in the nature of truth-in-lending, real estate settlement procedures, equal credit opportunity or disclosure, apply to the loan made pursuant to the Loan Documents.

23. Except for certain fees for recording charged by the Filing Offices and the Secretary of State of the State of California, no recording, filing, privilege or other tax must be paid in connection with the execution, delivery, recordation or enforcement of any of the Loan Documents.

The opinions set forth above are subject to the following qualifications:

(i) We express no opinion with respect to the relative priority of the liens or security interests created by any of the Loan Documents. We have assumed that Borrower has rights in the Project. We understand that, with respect to the real property, you are relying upon a mortgagee's title insurance policy insuring the lien on the Project, and, with respect to the Personalty, you are relying on UCC lien searches and Financing Statements. We also have assumed the recordation and filing of the Mortgage and Financing Statements in accordance with this opinion following their execution and delivery by Borrower.

(ii) The Uniform Commercial Code of the State of California requires the periodic filing of continuation statements with the Secretary of State and the Filing Offices not more than six (6) months prior to and not later than the expiration of the five (5) year period from the date of filing of the Financing Statement and the expiration of each subsequent five (5) year period after the original filing, in order to maintain the perfection and priority of security interests and to keep the Financing Statements in effect.

(iii) We express no opinion as to the laws of any jurisdiction other than the laws of the State of California and the laws of the United States of America. The opinions expressed above concern only the effect of the laws of the State of California and the United States of America as currently in effect.

We confirm that:

(a) Based on the Borrower Organizational Documents and the Guarantor Organizational Documents, the name of Borrower, General Partner and each Guarantor in each of the Loan Documents and the Title Policy is the correct legal name of Borrower and such Guarantor;

(b) We do not have any financial interest in the Project or the Loan Documents, other than fees for legal services performed by us, payment for which has been provided;

(c) We acknowledge that the Beneficiary Parties are relying on this opinion letter and would not be issuing the Bonds, purchasing the Bonds, making the Loan and/or acquiring the Loan, without its issuance. We (i) acknowledge that Borrower has instructed us to issue and deliver this opinion for the benefit of the addressees, and (ii) waive any defense or claim of lack of contractual privity which we might assert against the addressees in connection with the issuance of this opinion letter; and

(d) Other than as counsel for Borrower, General Partner and Guarantors, we have no interest in Borrower, General Partner or Guarantors, and do not serve as employees of Borrower, General Partner or Guarantors. We have no undisclosed interest in the subject matters of this opinion.

The foregoing opinions are for the exclusive reliance of the addressees, and their respective successors and assigns, including a trustee in connection with a securitization, their respective counsel, and by a rating agency in connection with the assignment of a rating to the Bonds or to any certificates backed by the Bonds for purposes of a securitization.

EXHIBIT F – POINTS TO BE COVERED IN THE OPINION OF TRUSTEE'S COUNSEL/TRUSTEE'S CERTIFICATE

[After appropriate introductory language, the opinion/certificate shall state substantially as follows:]

(1) The Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America with trust powers.

(2) The Trustee has all requisite corporate and trust power, authority and legal right and has taken all necessary corporate action to: (i) execute and deliver the Indenture and to accept the trusts created under the Indenture and to perform its obligations thereunder, (ii) execute and deliver in its capacity as Trustee the Loan Agreement, the Continuing Disclosure Agreement, the Contingency Draw-Down Agreement and the Regulatory Agreement, as such documents are defined in the Indenture, (such documents, collectively, with the Indenture, the "Trustee Documents") and perform the duties and obligations of the Trustee thereunder.

(3) The Trustee has duly authorized, executed and delivered the Trustee Documents. Assuming the due authorization, execution and delivery thereof by the other parties thereto, the Trustee Documents are the legal, valid and binding agreements of the Trustee, enforceable in accordance with their terms against the Trustee.

(4) No authorization, approval, consent, or other order of any governmental agency or regulatory authority having jurisdiction over the Trustee that has not been obtained is required for the authorization, execution and delivery by the Trustee of the Trustee Documents.

(5) There is no litigation pending or, to our knowledge, threatened against the Trustee to restrain the Trustee's participation in, or in any way contesting or affecting the creation, organization or existence of the Trustee or the power of the Trustee with respect to the transactions contemplated by the Trustee Documents.

(6) The execution and delivery of the Trustee Documents by the Trustee, and compliance with the provisions thereof will not contravene the Articles of Association or Bylaws of the Trustee or any law or regulation governing the banking and trust powers of the Trustee or, to our knowledge, any indenture, mortgage, deed of trust, resolution, note agreement or other agreement or instrument to which the Trustee is a party or by which the Trustee is bound.