

**MULTIFAMILY NOTE**

**(Variable Rate)**

\$[37,000,000]

August \_\_, 2018

FOR VALUE RECEIVED, the undersigned (“**Borrower**”) promises to pay to the order of the CITY OF SAN JOSÉ, a municipal corporation and charter city of the State of California, the maximum principal sum of [THIRTY-SEVEN MILLION AND NO/100 DOLLARS (\$37,000,000)], with interest on the unpaid principal balance from time to time outstanding at the annual rate as set forth on Schedule A. The terms of this Note incorporate the Modifications, if any, set forth on Schedule C to this Note.

1. **Defined Terms**. As used in this Note, the following terms shall have the following definitions:

(a) “**Beneficiary Parties**” shall have the meaning set forth in the Construction Funding Agreement.

(b) “**Borrower Loan**” means the loan evidenced by this Note, the proceeds of which shall be disbursed in accordance with the Borrower Loan Agreement.

(c) “**Borrower Loan Agreement**” means that certain Borrower Loan Agreement, dated as of August 1, 2018, by and between Borrower and Governmental Lender with respect to the Borrower Loan.

(d) “**Business Day**” means 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 are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

(e) “**Closing Date**” shall mean the date of this Note.

(f) “**Construction Funding Agreement**” shall mean that certain Construction Funding Agreement, dated as of August 1, 2018, by and between Borrower and Funding Lender with respect to the Borrower Loan.

(g) “**Default Rate**” shall have the meaning set forth in Section 8 of this Note.

(h) “**First Payment Date**” means the first Business Day of the month following the month in which the first disbursement of Borrower Loan proceeds is made in accordance with the Borrower Loan Agreement, or, if the first disbursement of Borrower Loan proceeds is made after the 20th day of a month, means the first Business Day of the second month following the month in which the first disbursement of Borrower Loan proceeds is made in accordance with the Borrower Loan Agreement.

(i) “**Fiscal Agent**” means U.S. Bank National Association, a national banking association, and its successors or assigns.

(j) “**Funding Lender**” means Citibank, N.A., a national banking association, and its successors and assigns.

(k) “**Governmental Lender**” means the City of San José, a municipal corporation and charter city of the State of California, and its successors and assigns.

(l) “**Indebtedness**” means the principal of, interest on, and any other amounts due at any time under, this Note or any other Borrower Loan Document, late charges, default interest, and advances to protect the security of the Borrower Loan Documents.

(m) “**Interest Rate**” shall have the meaning set forth in Schedule A to this Note.

(n) “**Lender**” means the Funding Lender, as assignee of this Note, and any subsequent holder of this Note.

(o) “**Loan Payment Date**” means the first Business Day of each month, commencing on the First Payment Date.

(p) “**Maturity Date**” means the earlier to occur of (i) September 1, 2020, or (ii) any earlier date on which the unpaid principal balance of this Note becomes due and payable, by acceleration or otherwise.

(q) “**Maximum Rate**” means the lesser of (i) twelve percent (12%) per annum or (ii) the maximum interest rate that may be paid on the Borrower Loan under the laws of the Property Jurisdiction.

(r) “**Note**” means this Multifamily Note (Variable Rate).

(s) “**Note Interest**” shall have the meaning set forth in Schedule A to this Note.

(t) “**Property Jurisdiction**” shall have the meaning set forth in the Construction Funding Agreement.

(u) “**Series A Note**” means that certain Multifamily Construction Note (Fixed Rate) dated as of the date hereof in the maximum principal amount of \$[281,000,000] made by Borrower payable to the order of Governmental Lender and endorsed to Funding Lender.

(v) “**Servicer Remittance Date**” means two (2) Business Days prior to each Loan Payment Date.

(w) “**Taxable Note**” means that certain Multifamily Construction Note dated as of the date hereof in the maximum principal amount of \$[30,000,000] made by Borrower payable to the order of Funding Lender.

All other capitalized terms used but not defined in this Note shall have the

meanings given to such terms in the Borrower Loan Agreement.

2. **Method of Payment.** All payments due under this Note shall be payable to Servicer, or, if there is no Servicer, to the Fiscal Agent on behalf of the Lender, or its successor. Each such payment shall be made by wire transfer of immediately available funds in accordance with wire transfer instructions that the Lender or Servicer shall supply by Written Notice to the Borrower and Fiscal Agent from time to time.

3. **Payment of Principal and Interest.** Principal and interest shall be paid as follows:

(a) Borrower shall pay all amounts due under this Note at the times and in the amounts set forth herein and in the Borrower Loan Agreement. Borrower shall make its payments under this Note in immediately available funds.

(b) Commencing on the First Payment Date and continuing on each Loan Payment Date thereafter until the Maturity Date, Borrower shall pay monthly payments of interest only, at the Interest Rate set forth on Schedule A attached hereto, in successive monthly installments. Such payments shall be made to the Servicer by 11:00 a.m., New York City time, or to the Fiscal Agent by 2:00 p.m., New York City time, on each on each Servicer Remittance Date, and Fiscal Agent shall then remit such payments to Lender in accordance with the Borrower Loan Agreement.

(c) Any accrued interest remaining past due may, at Lender's discretion, be added to and become part of the unpaid principal balance and shall bear interest at the rate or rates specified in this Note, and any reference below to "accrued interest" shall refer to accrued interest that has not become part of the unpaid principal balance.

(d) Borrower shall pay all unpaid principal of and interest on this Note on the Maturity Date and any other amounts due under subsection 3(a) hereof.

(e) Any regularly scheduled monthly installment of principal and interest that is received by Lender before the date it is due shall be deemed to have been received on the due date solely for the purpose of calculating interest due.

(f) Borrower shall make all payments of principal and interest under this Note without relief from valuation and appraisal laws.

(g) Borrower acknowledges that the calculation of all interest payments shall be made by the Lender and shall be final and conclusive, absent manifest error.

4. **Application of Payments.** If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, Lender may apply that payment to amounts then due and payable under this Note in any manner and in any order determined by Lender, in Lender's discretion. Borrower agrees that neither Lender's acceptance of a payment from Borrower in an amount that is less than all amounts then due and payable nor Lender's application of such payment shall

constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. **Security.** The Indebtedness is secured by, among other things, the Borrower Loan Documents, and reference is made to the Borrower Loan Documents for other rights of Lender as to collateral for the Indebtedness.

6. **Acceleration.** If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Note and any other Borrower Loan Document shall at once become due and payable, at the option of Lender, without any prior notice to Borrower (except if notice is required by applicable law, then after such notice). Lender may exercise this option to accelerate regardless of any prior forbearance.

7. **Late Charge.** If any amount payable under this Note or under any other Borrower Loan Document is not received by Lender when such amount is due (unless applicable law requires a longer period of time before a late charge may be imposed, in which event, such longer period shall be substituted), Borrower shall pay to Lender, immediately and without demand by Lender, a late charge equal to five percent (5.0%) of such amount (unless applicable law requires a lesser amount be charged, in which event such lesser amount shall be substituted). Notwithstanding the foregoing, with regard to each regularly scheduled monthly installment of principal and/or interest payable pursuant to this Note, such late charge shall not become due and payable to Lender so long as the Borrower makes such payment on or prior to the tenth (10th) calendar day following the date upon which such payment is due (or the Business Day immediately following such tenth (10th) calendar day if such tenth (10th) calendar day is not a Business Day). Any accrued but unpaid late charges shall be added to and become part of the unpaid principal balance of this Note, shall bear interest at the rate or rates specified in this Note, and shall be secured by the applicable Borrower Loan Documents. Borrower acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Borrower Loan, and that it is extremely difficult and impractical to determine those additional expenses. Borrower agrees that the late charge payable pursuant to this Section represents a fair and reasonable estimate, taking into account all circumstances existing on the Closing Date, of the additional expenses Lender will incur by reason of such late payment, and such late charge shall be deemed liquidated damages and not additional interest or a penalty. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Section 8. Notwithstanding anything to the contrary in any other Borrower Loan Document, if a Servicer has been appointed by Lender, any late charges payable hereunder shall not be remitted to Lender and shall instead be paid directly to Servicer, who shall apply such late charges in accordance with the terms of the applicable servicing agreement. Any action regarding the collection of a Late Charge will be without prejudice to any other rights, and shall not act as a waiver of any other rights that the Servicer or the Lender may have as provided herein, in the other Borrower Loan Documents, or at law or in equity.

8. **Default Rate.** So long as (a) any monthly installment under this Note remains past due, or (b) any other Event of Default has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at a

rate per annum (the “**Default Rate**”) equal to the lesser of the Maximum Rate or a rate equal to the Interest Rate plus four percent (4%), in each case compounded monthly (computed in accordance with Schedule A in the same manner in which Note Interest is computed). If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate until the unpaid principal balance and all accrued interest is paid in full. Borrower also acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Borrower Loan, that, during the time that any monthly installment under this Note is delinquent, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender’s ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment under this Note is delinquent or any other Event of Default has occurred and is continuing, Lender’s risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate as provided above represents a fair and reasonable estimate, taking into account all circumstances existing on the Closing Date, of the additional costs and expenses Lender will incur by reason of Borrower’s delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

9. **Personal Liability of Borrower.**

(a) [Intentionally Omitted].

(b) Except as otherwise provided in this Section 9, neither Borrower nor any of its partners, members and/or managers shall have any personal liability under this Note or any other Borrower Loan Document for the repayment of the Indebtedness or for the performance of any other obligations of Borrower under the Borrower Loan Documents, and Lender’s only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be Lender’s exercise of its rights and remedies with respect to the Property and any other collateral held by Lender as security for the Indebtedness. This limitation on Borrower’s liability shall not limit or impair Lender’s enforcement of its rights against any guarantor of the Indebtedness or any guarantor of any obligations of Borrower.

(c) Borrower shall at all times be personally liable to Lender for the repayment of a portion of the Indebtedness equal to any loss or damage suffered by Lender (the “**Losses**”) as a result of (1) failure of Borrower to pay to Lender upon demand after an Event of Default all Rents to which Lender is entitled under the Construction Funding Agreement and the amount of all security deposits collected by Borrower from tenants then in residence; (2) failure of Borrower to apply all insurance proceeds and condemnation proceeds as required by the Construction Funding Agreement; (3) failure of Borrower to comply with Section 7.6.2(D) or (E) of the Construction Funding Agreement relating to the delivery of books and records, statements, schedules, and reports; (4) fraud or material misrepresentation by Borrower

or Guarantor or any general partner, managing member, manager, officer, director, partner, member, agent or employee of Borrower or Guarantor in connection with the application for or creation of the Indebtedness or any request for any action or consent by or on behalf of Lender; (5) failure to apply Rents, first, to the payment of reasonable operating expenses (other than property management fees that are not currently payable pursuant to the terms of an Assignment of Management Agreement or any other Borrower Loan Document) and then to amounts (“**Debt Service Amounts**”) payable under this Note or any other Borrower Loan Document (except that Borrower will not be personally liable (i) to the extent that Borrower lacks the legal right to direct the disbursement of such sums because of a bankruptcy, receivership or similar judicial proceeding, or (ii) with respect to Rents that are distributed on account of any calendar year if Borrower has paid all operating expenses and Debt Service Amounts for that calendar year); (6) failure of Borrower to comply with the provisions of Section 7.5.1 of the Construction Funding Agreement prohibiting the commission of waste or allowing the impairment or deterioration of the Property; or (7) failure of Borrower to obtain and maintain any local real estate tax abatement or exemption required under the Construction Funding Agreement, or the reduction, revocation, cancellation or other termination of such abatement or exemption, if such failure, reduction, revocation, cancellation or other termination results from any act or omission by or on behalf of Borrower, Guarantor or any of their respective partners, members, managers, directors, officers, agents, employees or representatives.

(d) For purposes of determining Borrower’s personal liability under this Section 9, all payments made by Borrower with respect to the Indebtedness and all amounts received by Lender from the enforcement of its rights under the Borrower Loan Documents shall be applied first to the portion of the Indebtedness for which Borrower has no personal liability.

(e) Borrower shall at all times be personally liable to Lender for the repayment of all of the Indebtedness upon the occurrence of any of the following Events of Default: (1) Borrower’s acquisition of any property or operation of any business not permitted by Section 7.4 of the Construction Funding Agreement; or (2) a Transfer (including, but not limited to, a lien or encumbrance) that is an Event of Default under Section 7.2 of the Construction Funding Agreement, other than a Transfer consisting solely of the involuntary removal or involuntary withdrawal of a general partner in a limited partnership or a manager in a limited liability company; or (3) a Bankruptcy Event, as defined in the Construction Funding Agreement (but only if the Bankruptcy Event occurs with the consent or active participation of Borrower, its General Partner, Guarantor or any Borrower Affiliate).

(f) In addition to the Borrower’s personal liability pursuant to the other provisions of this Note, Borrower shall at all times be personally liable to Lender for (1) the performance of all of Borrower’s obligations under the Agreement of Environmental Indemnification; (2) the costs of any audit under Section 7.6.2(D) of the Construction Funding Agreement; and (3) any costs and expenses incurred by Lender in connection with the collection of all amounts for which Borrower is personally liable under this Section 9, including out of pocket expenses and reasonable fees of attorneys and expert

witnesses and the costs of conducting any independent audit of Borrower's books and records to determine the amount for which Borrower has personal liability.

(g) To the extent that Borrower has personal liability under this Section 9, Lender may exercise its rights against Borrower personally without regard to whether Lender has exercised any rights against the Property or any other security, or pursued any rights against any guarantor, or pursued any other rights available to Lender under this Note or any other Borrower Loan Document or applicable law. For purposes of this Section 9, the term "**Property**" shall not include any funds that (1) have been applied by Borrower as required or permitted by the Construction Funding Agreement prior to the occurrence of an Event of Default or (2) Borrower was unable to apply as required or permitted by the Construction Funding Agreement because of a bankruptcy, receivership, or similar judicial proceeding. To the fullest extent permitted by applicable law, in any action to enforce Borrower's personal liability under this Section 9, Borrower waives any right to set off the value of the Property against such personal liability.

(h) Nothing herein or in the other Borrower Loan Documents shall be deemed to be a waiver of any right which the Lender or the Servicer 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 Lender and the Servicer hereunder and under the other Borrower Loan Documents or to require that all collateral shall continue to secure the amounts due hereunder and under the other Borrower Loan Documents.

10. **Prepayments.**

(a) Borrower may voluntarily prepay all or a portion of this Note without penalty or premium at any time.

(b) Upon Lender's exercise of any right of acceleration under this Note, Borrower shall pay to Lender, in addition to the entire unpaid principal balance of this Note outstanding at the time of the acceleration, (i) all accrued interest and all other sums due Lender, and (ii) if applicable, the prepayment premium calculated pursuant to Schedule B.

(c) Any application by Lender of any collateral or other security to the repayment of any portion of the unpaid principal balance of this Note in the absence of acceleration shall be deemed to be a partial prepayment by Borrower, requiring the payment to Lender by Borrower of a prepayment premium, calculated pursuant to Schedule B.

(d) The Borrower shall prepay the entire outstanding principal balance of this Note, at the direction of the Lender, at a price equal to the outstanding principal balance of this Note, plus accrued interest and any other amounts payable under this Note or the Borrower Loan Agreement through the date of prepayment, upon the occurrence of any event or condition described below:

(1) 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 Section 1.150-1(d)(2) of the Regulations (any such event referred to herein as a “Transfer”) which Transfer would occur within six months of a “refinancing” (as contemplated by such Regulation), or (b) any “refinancing” that would occur within six months of a Transfer; or

(2) in whole, upon a Determination of Taxability.

In connection with any such prepayment, the Borrower shall wire transfer immediately available funds by no later than 12:00 p.m., New York City time, on the date fixed by the Lender, which date shall be communicated by the Lender in writing to the Borrower; provided, however, that in the case of a prepayment as a result of a Determination of Taxability which is unrelated to any action or inaction on the part of the Borrower, such date shall be no earlier than ninety (90) days after Borrower's receipt of such written communication from the Lender.

(e) The Borrower shall prepay the outstanding principal balance of this Note at the direction of the Lender, in whole or in part, at a price equal to the amount of principal being prepaid plus accrued interest and any other amounts payable under this Note or the other Borrower Loan Documents, upon the occurrence of any event or condition described below:

(1) in whole or in part, if the Property 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 Construction Funding Agreement following such event of damage or destruction; or

(2) in whole or in part, if title to, or the use of, all or a portion of the Property shall have been taken under the exercise of the power of eminent domain by any Governmental Authority which results in a prepayment of this Note under the conditions described in the Construction Funding Agreement; or

(3) in whole or in part, to the extent that insurance proceeds or proceeds of any condemnation award with respect to the Property are not applied to restoration of the Property in accordance with the provisions of the Construction Funding Agreement.

In connection with any such prepayment, the Borrower shall wire transfer immediately available funds by no later than 12:00 p.m., New York City time, on the date fixed by the Lender, which date shall be communicated by the Lender in writing to the Borrower. To the extent that the Borrower receives any insurance proceeds or condemnation awards that are to be applied to the prepayment of this Note, such amounts shall be applied to the prepayment of this Note. No prepayment premium shall be payable with respect to any prepayment required by this Section 10(e).



(f) Any permitted or required prepayment of less than the unpaid principal balance of this Note shall not extend or postpone the due date of any subsequent monthly installments or change the amount of such installments, unless Lender agrees otherwise in writing.

(g) Borrower recognizes that any prepayment of the unpaid principal balance of this Note resulting from a default by Borrower, will result in Lender incurring a loss, including reinvestment loss, additional expense and frustration or impairment of Lender's ability to meet its commitments to third parties. Borrower agrees to pay to Lender upon demand damages for the detriment caused by any prepayment, and agrees that it is extremely difficult and impractical to ascertain the extent of such damages. Borrower therefore acknowledges and agrees that the formula for calculating prepayment premiums set forth on Schedule B represents a reasonable estimate of the damages Lender will incur because of a prepayment.

(h) Borrower further acknowledges that the prepayment premium provisions of this Note are a material part of the consideration for the Borrower Loan, and acknowledges that the terms of this Note are in other respects more favorable to Borrower as a result of Borrower's voluntary agreement to such provisions.

(i) Notwithstanding anything herein to the contrary, Borrower shall prepay this Note, in full, together with all amounts due under the Borrower Loan Documents on any prepayment in full of the Series A Note.

(j) Any prepayment premium payable hereunder shall be remitted to Servicer, or if a Servicer has not been appointed by Lender, to Lender.

11. **Costs and Expenses.** To the fullest extent allowed by applicable law, Borrower shall pay all expenses and costs, including, without limitation, out-of-pocket expenses and reasonable fees of attorneys (including, without limitation, in-house attorneys) and expert witnesses and costs of investigation, incurred by Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Borrower Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding. For purposes of Section 9(f) and this Section 11, attorneys' out of pocket expenses shall include, but are not limited to, support staff costs, costs of preparing for litigation, computerized research, telephone and facsimile transmission expenses, mileage, deposition costs, postage, duplicating, process service, videotaping and similar costs and expenses.

12. **Forbearance.** Any forbearance by Lender in exercising any right or remedy under this Note or any other Borrower Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Lender of any security for Borrower's

obligations under this Note shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right or remedy available to Lender.

13. **Waivers.** Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace, and diligence in collecting the Indebtedness are waived by Borrower and all endorsers and guarantors of this Note and all other third party obligors.

14. **Borrower Loan Charges.** Neither this Note nor any of the other Borrower Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest permitted to be charged under applicable law. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Borrower Loan is interpreted so that any interest or other charge provided for in any Borrower Loan Document, whether considered separately or together with other charges provided for in any other Borrower Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of this Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

15. **Obligations of the Borrower Absolute and Unconditional.** Subject to Section 9, the obligations of the Borrower to make all payments required under this Note and the other Borrower Loan Documents on or before the date the same become due, and to perform all of its other obligations, covenants and agreements hereunder and under the other Borrower Loan Documents shall be primary, absolute, unconditional and irrevocable, and shall be paid or performed strictly in accordance with the terms of this Note and the other Borrower Loan Documents under any and all circumstances, without notice or demand, and without abatement, deduction, set-off, 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 Property or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft or destruction of the Property 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 Property, 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 Lender's legal organization or status, or any default of the Lender hereunder or under any other Borrower Loan Document, and regardless of the invalidity of any action of the Lender or the invalidity of any portion of this Note or the other Borrower Loan Documents. Provided further, the obligations of Borrower under this Note and the other Borrower Loan Documents shall not be affected by:

(a) any lack of validity or enforceability of any Borrower Loan Document or any of the Related Documents;

(b) any amendment of, or any waiver or consent with respect to, any of the Borrower Loan Documents or Related Documents;

(c) the existence of any claim, set-off, defense or other rights which Borrower, General Partner or Guarantor may have at any time against Lender (other than the defense of payment in accordance with the terms of this Note or the other Borrower Loan Documents) or any other Person, whether in connection with this Note or any other Borrower Loan Document, the Related Documents or any transaction contemplated thereby or any unrelated transaction;

(d) any breach of contract or other dispute between Borrower, General Partner or Guarantor, and Lender;

(e) any Funding Requisition or any document presented in connection therewith, proving to be forged, fraudulent, untrue, inaccurate, invalid or insufficient in any respect (except in the event of willful misconduct by Lender with respect to same); or

(f) any exchange, release or nonperfection of any lien or security interest in any collateral pledged or otherwise provided to secure any of the obligations contemplated herein, in any other Borrower Loan Document or in any Related Document.

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 Note or the other Borrower Loan Documents 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.

16. **Commercial Purpose.** Borrower represents that the Indebtedness is being incurred by Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family, household or agricultural purposes.

17. **Counting of Days.** Except where otherwise specifically provided, any reference in this Note to a period of “days” means calendar days, not Business Days.

18. **Notices.** All notices, demands and other communications required or permitted to be given pursuant to this Note shall be in writing and addressed as set forth below. Each notice shall be deemed given on the earliest to occur of (a) the date when the notice is received by the addressee; (b) the first Business Day after the notice is delivered to a recognized overnight courier service, with arrangements made for payment of charges for next Business Day delivery; or (c) the third Business Day after the notice is deposited in the United States mail with postage prepaid, certified mail, return receipt requested.

If to Borrower:

ERV Community Partners, LP  
17782 Sky Park Circle

Irvine, California 92614  
Attention: Anand Kannan  
Facsimile: (714) 662-4412

With a copy to: Cox, Castle & Nicholson LLP  
50 California Street, Suite 3200  
San Francisco, California 94111  
Attention: Ofer Elitzur, Esq.  
Facsimile: (415) 262-5199

With a copy to: Nixon Peabody LLP  
300 South Grand Avenue, Suite 4100  
Los Angeles, California 90071  
Attention: Edward Campbell, Esq.  
Facsimile: (213) 629-6001

With a copy to: L&M Development Partners  
1865 Palmer Avenue, Suite 203  
Larchmont, New York 10535  
Attention: Adam Hellegers, Esq.  
Facsimile: (914) 833-3092

With a copy to: Fisher Broyles LLP  
4505 North Lincoln Avenue  
Chicago, Illinois 60625  
Attention: Tarun Chandran, Esq.  
Facsimile: (312) 219-8361

With a copy to: [ \_\_\_\_\_ ]  
c/o Wells Fargo Affordable Housing  
Community Development Corporation  
MAC D1053-170  
301 South College Street  
Charlotte, North Carolina 28288  
Attention: Director of Tax Credit Asset Management

With a copy to: Sidley Austin LLP  
One South Dearborn  
Chicago, Illinois 60603  
Attention: Philip Spahn, Esq.  
Fax: (312) 853-7036

If to Lender: City of San José  
Finance Department  
200 East Santa Clara Street, 13th Floor Tower  
San José, California 95113-1905

Attention: Debt Management  
Facsimile: (408) 292-6482

With a copy to: City of San José  
Department of Housing  
200 East Santa Clara Street, 12th Floor Tower  
San José, California 95113-1905  
Attention: Director of Housing  
Facsimile: (408) 998-3183

With a copy to: San José City Attorney's Office  
200 E. Santa Clara Street, 16th Floor Tower  
San José, California 95113  
Attention: City Attorney  
Facsimile: (408) 998-3131

With a copy to: Jones Hall, A Professional Law Corporation  
475 Sansome Street, Suite 1700  
San Francisco, California 94111  
Attention: Josh Anzel, Esq.  
Facsimile: (415) 276-2088

With a copy to: Citibank, N.A.  
388 Greenwich Street, 8<sup>th</sup> Floor  
New York, New York 10013  
Attention: Transaction Management Group  
Re: El Rancho Verde Apartments Deal ID No. 25427  
Facsimile: (212) 723-8209

With a copy to: Citibank, N.A.  
325 East Hillcrest Drive, Suite 160  
Thousand Oaks, California 91360  
Attention: Operations Manager/Asset Manager  
Re: El Rancho Verde Apartments Deal ID No. 25427  
Facsimile: (805) 557-0924

With a copy to: Citibank N.A.  
c/o Berkadia Commercial Servicing Department  
323 Norristown Road, Suite 300  
Ambler, Pennsylvania 19002  
Attention: Client Relations Manager  
Re: El Rancho Verde Apartments Deal ID No. 25427  
Facsimile: (215) 328-0305

And a copy of any notices of default sent to: Citibank, N.A.  
388 Greenwich Street  
New York, New York 10013  
Attention: General Counsel's Office  
Re: El Rancho Verde Apartments Deal ID No. 25427  
Facsimile: (646) 291-5754

If to Fiscal Agent: U.S. Bank National Association  
One California Street, Suite 1000  
San Francisco, California 94111  
Attention: Global Corporate Trust Services  
Facsimile: (415) 677-3769

With a copy to: Dorsey & Whitney LLP  
600 Anton Boulevard, Suite 2000  
Irvine, California 92626  
Attention: Dennis Wong, Esq.  
Facsimile: (714) 464-4793

The Borrower or the Lender may change the address to which notices intended for it are to be directed by means of notice given to the other party in accordance with this Section 18. Each party agrees that it will not refuse or reject delivery of any notice given in accordance with this Section 18, that it will acknowledge, in writing, the receipt of any notice upon request by the other party and that any notice rejected or refused by it shall be deemed for purposes of this Section 18 to have been received by the rejecting party on the date so refused or rejected, as conclusively established by the records of the U.S. Postal Service or the courier service.

19. **Payments on Non-Business Day.** If the date for the making of any payment under this Note is not a Business Day, such payment shall be due and payable on the next succeeding Business Day.

20. **Terms of Note Governing Payment Matters Control in the Event of any Conflict.** In the event the provisions of the Borrower Loan Agreement or the other Borrower Loan Documents (other than this Note) conflict with the provisions of this Note which govern the terms of repayment of the Borrower Loan or the payment of other amounts due in connection with the Borrower Loan (including, without limitation, the provisions of this Note which govern the required payments of principal, interest and other amounts due in connection with the Borrower Loan, the manner of payment, the calculation of interest, the payment of the Lender's costs and expenses, the application of payments received by the Lender, the acceleration of amounts owed by the Borrower, late charges, default rates of interest, prepayments, prepayment premiums or maximum rates of interest or similar charges), the provisions of this Note shall govern and control.

21. **Local Law Provisions (California).**

(a) If any Guarantor is liable for only a portion of the Indebtedness, Borrower hereby waives its rights under California Civil Code Section 2822(a) to designate the portion of the Indebtedness that shall be satisfied by Borrower's partial payment.

(b) [Intentionally Omitted].

22. **Determinations by Lender.** Except to the extent expressly set forth in this Note to the contrary, in any instance where the consent or approval of Lender may be given or is required, or where any determination, judgment or decision is to be rendered by Lender under this Note, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by Lender, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

23. **Release; Indemnity.**

(a) *Release.* Borrower covenants and agrees that, in performing any of its rights or duties under this Note, neither the Beneficiary Parties, nor their respective agents or employees, shall be liable for any losses, claims, damages, liabilities and expenses that may be incurred by any of them as a result of such performance, except to the extent such liability for any losses, claims, damages, liabilities or expenses arises out of the willful misconduct or gross negligence of such party, or in the case of the Governmental Lender, arises out of the willful misconduct of the Governmental Lender.

(b) *Indemnity.* Borrower hereby agrees to indemnify and hold harmless the Beneficiary Parties and their respective agents and employees from and against any and all losses, claims, damages, liabilities and expenses including, without limitation, reasonable attorneys' fees and costs and disbursements, which may be imposed or incurred by any of them in connection with this Note, except that no such party will be indemnified for any losses, claims, damages, liabilities or expenses arising out of the willful misconduct of Governmental Lender or arising out of the willful misconduct or gross negligence of such other party.

24. **Governing Law.** This Note shall be governed by and enforced in accordance with the laws of the Property Jurisdiction, without giving effect to the choice of law principles of the Property Jurisdiction that would require the application of the laws of a jurisdiction other than the Property Jurisdiction.

25. **Consent to Jurisdiction and Venue.** Borrower agrees that any controversy arising under or in relation to this Note shall be litigated exclusively in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Note. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit Lender's right to enforce any judgment against Borrower or any of Borrower's assets in any court of any other jurisdiction where any of Borrower's assets are located.

26. **Severability.** The invalidity, illegality or unenforceability of any provision of this Note shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

27. **Remedies Cumulative.** In the event of Borrower's default under this Note, the Lender may exercise all or any one or more of its rights and remedies available under this Note, at law or in equity. Such rights and remedies shall be cumulative and concurrent, and may be enforced separately, successively or together, and the exercise of any particular right or remedy shall not in any way prevent the Lender from exercising any other right or remedy available to the Lender. The Lender may exercise any such remedies from time to time as often as may be deemed necessary by the Lender.

28. **No Agency or Partnership.** Nothing contained in this Note shall constitute Lender as a joint venturer, partner or agent of Borrower, or render Lender liable for any debts, obligations, acts, omissions, representations or contracts of Borrower.

29. **Entire Agreement; Amendment and Waiver.** This Note contains the complete and entire understanding of the parties with respect to the matters covered. This Note may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Note shall be considered as a general waiver.

30. **Further Assurances.** Borrower shall at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that Lender may reasonably request, in order to protect any right or interest granted by this Note or to enable Lender to exercise and enforce its rights and remedies under this Note. Notwithstanding the foregoing, in no event shall Borrower be required to execute and deliver any document or perform any act otherwise required pursuant to this Section 30 to the extent such document or act imposes a material additional obligation or liability on Borrower or materially adversely affects the rights of Borrower under any Borrower Loan Document.

31. **Captions.** The captions of the sections of this Note are for convenience only and shall be disregarded in construing this Note.

32. **Servicer.** Borrower hereby acknowledges and agrees that, pursuant to the terms of the Borrower Loan Documents: (a) from time to time, Lender may appoint a servicer to collect payments, escrows and deposits, to give and to receive notices under this Note or the other Borrower Loan Documents, and to otherwise service the Borrower Loan and (b) unless Borrower receives written notice from Lender to the contrary, any action or right which shall or may be taken or exercised by Lender may be taken or exercised by such servicer with the same force and effect.

33. **Waiver of Trial by Jury.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER AND LENDER (A) COVENANTS



AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL. IF FOR ANY REASON THIS WAIVER IS DEEMED TO BE UNENFORCEABLE, ALL SUCH DISPUTES SHALL BE RESOLVED BY JUDICIAL REFERENCE PURSUANT TO THE PROVISIONS OF SECTION 9.29(B) OF THE CONSTRUCTION FUNDING AGREEMENT.

34. **Time of the Essence.** Time is of the essence with respect to this Note.

35. **Modifications.** All modifications (if any) to the terms of this Note (“**Modifications**”) are set forth on Schedule C attached to this Note. In the event of a Transfer under the terms of the Construction Funding Agreement (other than a Permitted Transfer that does not require the consent of Funding Lender), some or all of the Modifications to this Note may be modified or rendered void by Lender at its option by notice to Borrower or such transferee.

36. **Attached Schedules.** The following Schedules are attached to this Note and are incorporated by reference herein as if more fully set forth in the text hereof:

**Schedule A –Interest Payments**

**Schedule B – Prepayment Premium**

**Schedule C – Modifications to Multifamily Note (Variable Rate)**

The terms of this Note are modified and supplemented as set forth in said Schedules. To the extent of any conflict or inconsistency between the terms of said Schedules and the text of this Note, the terms of said Schedules shall be controlling in all respects.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

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

**BORROWER:**

**ERV COMMUNITY PARTNERS, LP**, a California limited partnership

By: FFAH V El Rancho Verde, LLC,  
a Georgia limited liability company

Its: Managing General Partner

By: Foundation for Affordable Housing V, Inc.,  
a Delaware nonprofit corporation

Its: Sole Member

By: \_\_\_\_\_  
Name: Darrin A. Willard  
Title: President

By: ERV Partners GP, LLC,  
a California limited liability company

Its: Co-General Partner

By: WNC – ERV Partners, LLC,  
a California limited liability company

Its: Managing Member

By: WNC Development Partners, LLC,  
a California limited liability company  
Its: Manager

By: \_\_\_\_\_  
Name: Anand Kannan  
Title: President

**PAY TO THE ORDER OF:**

**CITIBANK, N.A., AS ASSIGNEE UNDER THAT  
CERTAIN FUNDING LOAN AGREEMENT  
DATED AS OF AUGUST 1, 2018**

**WITHOUT RECOURSE**

**THE CITY OF SAN JOSÉ**, a municipal corporation  
and charter city of the State of California

By: \_\_\_\_\_

Name:

Title:

## SCHEDULE A

### INTEREST PAYMENTS

A. **Interest Rate.** Except as provided in Sections 8 and 14 of this Note, interest (“**Note Interest**”) shall accrue on the unpaid principal of this Note from, and including, the Closing Date until paid in full at an annual rate (the “**Interest Rate**”) as follows:

1. **Interest Rate.** Note Interest shall accrue on the unpaid principal of this Note from, and including, the Closing Date, until the Maturity Date, at an annual rate, as follows:

(a) Adjustable Interest Rate. Note Interest shall accrue at the Adjustable Rate.

(b) Interest Rate Adjustment. The Adjustable Rate shall be determined by Lender on each Rate Determination Date and shall be adjusted on each Reset Date until the Loan is repaid in full on the Maturity Date. Accrued interest on this Note shall be paid in arrears.

(c) Maximum Rate. Notwithstanding any other provision of this Note to the contrary, Note Interest shall not exceed the Maximum Rate, as the Maximum Rate may change in accordance with this Note.

(d) Interest Accrual. Note Interest shall be computed on the basis of the actual number of days in the period in respect of which payment is being made divided by 360.

2. **Definitions.** For purposes of this Schedule A, the following terms shall have the meanings set forth below:

“**Accrual Period**” means the period commencing on the first calendar day of each month and continuing to but excluding the first calendar day of the following month (without adjustment in either case for Business Day payment conventions). The initial Accrual Period shall be the period commencing on the Closing Date and continuing to but excluding the first calendar day of the month in which the First Payment Date occurs.

“**Adjustable Rate**” means the sum of (i) the Current Index, and (ii) the Margin, which sum is then rounded to five decimal places.

“**Current Index**” means the Index that is determined by Lender on each Rate Determination Date, subject to the limitation that the Current Index shall not be less than 0.00%.

“**Index**” means the London Inter-Bank Offered Rate for 1-month U.S. Dollar-denominated deposits administered by the ICE Benchmark Administration Limited (formerly administered by the British Bankers Association, or such other person which takes over the administration of that rate) which appears on Reuters Screen LIBOR01 Page (or any successor page) as of 11:00 a.m., London time, on the Rate Determination Date (the “**LIBOR Rate**”). If Lender determines that use of the Index would violate any applicable law or regulation, or if the Index becomes unavailable, then Lender, in its sole and absolute discretion, will choose a new

rate which is based upon comparable information and provide notice to Borrower of such choice.

“**London Business Day**” shall mean any Business Day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency) in the city of London, England.

“**Margin**” means [ ]%.

“**Payment Change Date**” means the first day of the next succeeding Accrual Period that follows each Reset Date until this Note is repaid in full.

“**Rate Determination Date**” means two (2) London Business Days prior to the applicable Reset Date.

“**Required Monthly Payment**” shall have the meaning set forth in Section 3 below.

“**Reset Date**” means the first day of each Accrual Period.

3. **Monthly Interest Only Payments.** Consecutive monthly installments of interest only, each in the amount of the Required Monthly Payment (defined below), shall be payable on each Loan Payment Date. The “**Required Monthly Payment**” shall be an amount equal to the Note Interest that has accrued on the unpaid principal balance of the Borrower Loan during the applicable Accrual Period, and shall change on each Payment Change Date based on the applicable Adjustable Rate and unpaid principal balance. The entire unpaid principal balance and accrued but unpaid interest, if not sooner paid, shall be due and payable on the Maturity Date.

4. **Notification of Required Monthly Payment.** Before each Payment Change Date, Lender shall re-calculate the Adjustable Rate and shall notify Borrower (in the manner specified in Section 18 of this Note for giving notices) of any change in the Required Monthly Payment.

5. **Error in Calculation of Required Monthly Payment.** If Lender at any time determines, in its sole but reasonable discretion, that it has miscalculated the amount of the Required Monthly Payment (whether because of a miscalculation of the Adjustable Rate or otherwise), then Lender shall give notice to Borrower of the corrected amount of the Required Monthly Payment (and the corrected Adjustable Rate, if applicable) and (a) if the corrected amount of the Required Monthly Payment represents an increase, then Borrower shall, within thirty (30) calendar days thereafter, pay to Lender any sums that Borrower would have otherwise been obligated under this Note to pay to Lender had the amount of the Required Monthly Payment not been miscalculated, or (b) if the corrected amount of the Required Monthly Payment represents a decrease thereof and Borrower is not otherwise in breach or default under any of the terms and provisions of this Note or any other Borrower Loan Document, then Borrower shall thereafter be paid the sums that Borrower would not have otherwise been obligated to pay to Lender had the amount of the Required Monthly Payment not been miscalculated.

B. **Loss of Tax Exclusion.** Borrower understands that the interest rates provided under this Note are based on the assumption that interest income paid on the Funding Loan and received by the Funding Lender will be excludable from Funding Lender's gross income under Section 103 of the Internal Revenue Code and applicable state law. In the event that Borrower receives notice from Funding Lender that a Determination of Taxability has occurred, then, notwithstanding any provision to the contrary contained herein, the interest rate on this Note and on all obligations of Borrower under the Borrower Loan Documents (other than those to which the Default Rate applies) shall be increased to a rate equal to the greater of: (i) three and one-half percent (3.50%) in excess of the LIBOR Rate or (ii) the Default Rate, provided such rate shall not exceed the Maximum Rate.

Borrower shall, in addition, pay to Lender, promptly upon demand, an amount equal to the difference between the amount of interest payable on this Note from the date on which such loss of tax exemption on the Funding Loan shall be applicable to the date on which the interest rate on this Note was increased and the amount of interest that would have been payable on this Note during such period had this Note borne interest during such period at such higher rate. The Borrower shall also indemnify, defend and hold Lender harmless from any penalties, interest expense or other costs, including attorneys' fees (including all allocated time and charges of "in-house" and "outside" counsel) and accountants' costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of the Funding Loan and the interest payable to Funding Lender on the Funding Loan. The obligations of the Borrower under this paragraph shall survive any termination of the Borrower Loan Documents, release of the Borrower Loan Documents and repayment of the Borrower Loan and/or Funding Loan.

**SCHEDULE B**

**PREPAYMENT PREMIUM**

Any prepayment premium payable under Section 10 of this Note shall be computed as follows:

- (a) If the prepayment is made at any time after the date of this Note and before the Maturity Date the prepayment premium shall be the greater of:
  - (i) 1% of the amount of principal being prepaid; or
  - (ii) The product obtained by multiplying:
    - (A) the amount of principal being prepaid,
    - by*
    - (B) the difference obtained by subtracting the Yield Rate (as defined below) from the Underwriting Rate (as defined in the Construction Funding Agreement) on the twenty-fifth Business Day preceding (x) the date upon which any voluntary prepayment will be made, determined in accordance with Section 10 of this Note, or (y) the date Lender accelerates the Borrower Loan or otherwise accepts a prepayment pursuant to Section 10 of this Note,
    - by*
    - (C) the present value factor calculated using the following formula:

$$\frac{1 - (1 + r)^{-n/12}}{r}$$

r = Yield Rate

n = the number of months remaining between (1) either of the following: (x) in the case of a voluntary prepayment, the last calendar day of the month during which the prepayment is made, or (y) in any other case, the date on which Lender accelerates the unpaid principal balance of this Note and (2) the Maturity Date.

For purposes of this clause (ii), the “**Yield Rate**” means the yield calculated by interpolating the yields for the immediately shorter and longer term U.S. “Treasury constant maturities” (as reported in the Federal Reserve Statistical Release H.15 Selected Interest Rates (the “**Fed Release**”) under the heading “U.S. government

securities”) closest to the remaining term of the Loan, as follows (rounded to three decimal places):

$$\{ ( (a - b) \div (x - y) ) \times (z - y) \} + b$$

*a* = the yield for the longer U.S. Treasury constant maturity

*b* = the yield for the shorter U.S. Treasury constant maturity

*x* = the term of the longer U.S. Treasury constant maturity

*y* = the term of the shorter U.S. Treasury constant maturity

*z* = “n” (as defined in the present value factor calculation above) divided by 12.

Notwithstanding any provision to the contrary, if “z” equals a term reported under the U.S. “Treasury constant maturities” subheading in the Fed Release, the yield for such term shall be used, and interpolation shall not be necessary. If publication of the Fed Release is discontinued by the Federal Reserve Board, Lender shall determine the Yield Rate from another source selected by Lender. Any determination of the Yield Rate by Lender will be binding absent manifest error.



## SCHEDULE C

### **MODIFICATIONS TO MULTIFAMILY NOTE (Variable Rate)**

The following modifications are made to the text of the Note that precedes this Schedule:

1. The following new clause (8) is hereby added to Section 9(c) of this Note “or (8) any adverse material effect on Lender resulting from terms contained in the HAP Contract that (i) may have a material adverse effect on Funding Lender’s projections of income from the HAP Contract and (ii) were not previously known due to Borrower’s failure to provide Funding Lender with full, complete, and accurate copies of the HAP Contract, including all amendments, renewals, and assignments thereof.”

2. Section 9 is amended by adding the following sentence to the end of subsection (e) thereof:

“Borrower shall be personally liable to Lender for the payment of any payments made to Borrower under the HAP Contract to the extent such payments are not made to the Lender as provided for under that certain Assignment of Housing Assistance Payments Agreement (pertaining to the HAP Contract, as defined therein), dated as of August 1, 2018 by Borrower (as Owner) for the benefit of Funding Lender.”

Capitalized terms used and not defined herein shall have the respective meanings ascribed to them in the Note.