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**FUNDING LOAN AGREEMENT**

**Among**

**CITIBANK, N.A.,  
as Funding Lender**

**and**

**CITY OF SAN JOSE,  
as Governmental Lender**

**and**

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

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**Dated as of May 1, 2023**

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**Relating to:**

**[\$29,468,877]  
City of San José  
Multifamily Housing Revenue Note  
(1860 Alum Rock Apartments)  
Series 2023A-1 (Tax-Exempt)**

**and**

**[\$2,502,522]  
City of San José  
Multifamily Housing Revenue Note  
(1860 Alum Rock Apartments)  
Series 2023A-2 (Taxable)**

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## **TABLE OF CONTENTS**

### **ARTICLE I**

#### **DEFINITIONS; PRINCIPLES OF CONSTRUCTION**

Section 1.1.	Definitions .....	2
Section 1.2.	Effect of Headings and Table of Contents.....	10
Section 1.3.	Date of Funding Loan Agreement.....	10
Section 1.4.	Designation of Time for Performance .....	11
Section 1.5.	Interpretation .....	11

### **ARTICLE II**

#### **TERMS; GOVERNMENTAL LENDER NOTE**

Section 2.1.	Terms.....	12
Section 2.2.	Form of Governmental Lender Notes.....	14
Section 2.3.	Execution and Delivery of Governmental Lender Notes .....	14
Section 2.4.	Required Transferee Representations; Participations; Sale and Assignment .....	14

### **ARTICLE III**

#### **PREPAYMENT**

Section 3.1.	Prepayment of Governmental Lender Notes from Prepayment under the Borrower Notes.....	16
Section 3.2.	Notice of Prepayment .....	16
Section 3.3.	Recycling Transactions .....	17

### **ARTICLE IV**

#### **SECURITY**

Section 4.1.	Security for the Funding Loan.....	18
Section 4.2.	Delivery of Security .....	19

### **ARTICLE V**

#### **LIMITED LIABILITY**

Section 5.1.	Limited Liability.....	20
Section 5.2.	Nature of the Governmental Lender's Obligations .....	22

### **ARTICLE VI**

#### **CLOSING CONDITIONS; APPLICATION OF FUNDS**

Section 6.1.	Conditions Precedent to Closing .....	23
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### **ARTICLE VII**

#### **FUNDS AND ACCOUNTS**

Section 7.1.	Authorization to Create Funds and Accounts.....	24
Section 7.2.	Investment of Funds .....	24
Section 7.3.	Establishment of Funds .....	24
Section 7.4.	Funding Loan Payment Fund .....	24
Section 7.5.	Expense Fund .....	25
Section 7.6.	Closing Costs Fund.....	26
Section 7.7.	Project Fund .....	26
Section 7.8.	Rebate Fund.....	28

## ARTICLE VIII

### REPRESENTATIONS AND COVENANTS

Section 8.1.	Representations and Warranties of the Governmental Lender .....	30
Section 8.2.	No Encumbrance on Security .....	31
Section 8.3.	Repayment of Funding Loan .....	31
Section 8.4.	Servicer.....	31
Section 8.5.	Borrower Loan Agreement Performance .....	31
Section 8.6.	Maintenance of Records; Inspection of Records.....	32
Section 8.7.	Tax Covenants .....	32
Section 8.8.	Performance by the Borrower .....	33
Section 8.10.	Consent to Assignment.....	33
Section 8.11.	Filing of Tax Returns.....	33
Section 8.12.	No Reliance on Governmental Lender .....	33
Section 8.14.	Immunities and Limitations of Responsibility of Governmental Lender .....	33

## ARTICLE IX

### DEFAULT; REMEDIES

Section 9.1.	Events of Default.....	35
Section 9.2.	Acceleration of Maturity; Rescission and Annulment .....	35
Section 9.3.	Additional Remedies; Funding Lender Enforcement .....	36
Section 9.4.	Application of Money Collected .....	37
Section 9.5.	Remedies Vested in Funding Lender.....	38
Section 9.6.	Restoration of Positions.....	38
Section 9.7.	Rights and Remedies Cumulative.....	38
Section 9.8.	Delay or Omission Not Waiver .....	38
Section 9.9.	Waiver of Past Defaults.....	38
Section 9.10.	Remedies Under Borrower Loan Agreement or Borrower Notes .....	38
Section 9.11.	Waiver of Appraisal and Other Laws .....	39
Section 9.12.	Suits to Protect the Security .....	39
Section 9.13.	Remedies Subject to Applicable Law.....	39
Section 9.14.	Assumption of Obligations.....	39

## ARTICLE X

### AMENDMENT; AMENDMENT OF BORROWER LOAN AGREEMENT AND OTHER DOCUMENTS

Section 10.1.	Amendment of Funding Loan Agreement.....	40
Section 10.2.	Amendments Require Funding Lender Consent .....	40
Section 10.3.	Consents and Opinions.....	40

## ARTICLE XI

### THE FISCAL AGENT

Section 11.1.	Appointment of Fiscal Agent; Acceptance.....	41
Section 11.2.	Certain Duties and Responsibilities of Fiscal Agent .....	41
Section 11.3.	Notice of Defaults.....	42
Section 11.4.	Certain Rights of Fiscal Agent .....	42
Section 11.5.	Not Responsible for Recitals .....	43
Section 11.6.	May Hold Funding Loan .....	43
Section 11.7.	Moneys Held by the Fiscal Agent .....	43
Section 11.8.	Compensation and Reimbursement.....	44
Section 11.9.	Fiscal Agent Required; Eligibility.....	44

Section 11.10.	Resignation and Removal; Appointment of Successor .....	44
Section 11.11.	Acceptance of Appointment by Successor .....	45
Section 11.12.	Merger, Conversion, Consolidation or Succession to Business .....	45
Section 11.13.	Appointment of Co-Fiscal Agent .....	46
Section 11.14.	Loan Servicing .....	46
Section 11.15.	No Recourse Against Officers or Employees of Fiscal Agent .....	46

## ARTICLE XII

### MISCELLANEOUS

Section 12.1.	Notices.....	47
Section 12.2.	Term of Funding Loan Agreement.....	49
Section 12.3.	Successors and Assigns .....	49
Section 12.4.	Legal Holidays .....	49
Section 12.5.	Governing Law.....	49
Section 12.6.	Severability.....	49
Section 12.7.	Execution in Several Counterparts .....	50
Section 12.8.	Nonrecourse Obligation of the Borrower .....	50
Section 12.9.	Waiver of Trial by Jury .....	50
Section 12.10.	Electronic Transactions .....	50
Section 12.11.	Reference Date .....	50

EXHIBIT A - FORMS OF GOVERNMENTAL LENDER NOTES .....	A-1
EXHIBIT B - FORM OF REQUIRED TRANSFEREE REPRESENTATIONS .....	B-1
EXHIBIT C - FORM OF WRITTEN REQUISITION OF THE BORROWER .....	C-1
EXHIBIT D - FORM OF WRITTEN REQUISITION OF THE BORROWER - CLOSING COSTS FUND .....	D-1
EXHIBIT E - FISCAL AGENT WIRE INSTRUCTIONS .....	E-1

## FUNDING LOAN AGREEMENT

This Funding Loan Agreement, dated as of May 1, 2023 (this “**Funding Loan Agreement**”), is entered into by CITIBANK, N.A., (together with any successor hereunder, the “**Funding Lender**”), the CITY OF SAN JOSE, a municipal corporation and charter city of the State of California (together with its successors and assigns, the “**Governmental Lender**”) and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as fiscal agent (the “**Fiscal Agent**”).

### RECITALS

WHEREAS, the Governmental Lender has been duly created and organized pursuant to and in accordance with the provisions of Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the “**Act**”); and

WHEREAS, the Governmental Lender is authorized: (a) to make loans to any person to provide financing for multifamily rental housing located within the jurisdiction of the Governmental Lender and intended to be occupied in part by persons of low and moderate income; (b) to incur indebtedness for the purpose of obtaining moneys to make such loans and provide such financing, to establish any required reserve funds and to pay administrative costs and other costs incurred in connection with the incurrence of such indebtedness of the Governmental Lender; and (c) to pledge the revenues and receipts derived from or with respect to such loans, and to mortgage, pledge or grant security interests in such loans in order to secure the payment of the principal of, prepayment premium, if any, on and interest on such indebtedness of the Governmental Lender; and

WHEREAS, Alum Rock, L.P., a California limited partnership (the “**Borrower**”), has requested that the Governmental Lender enter into this Funding Loan Agreement under which the Funding Lender will (i) advance funds (the “**Funding Loan**”) to or for the account of the Governmental Lender, and (ii) apply the proceeds of the Funding Loan to make a loan (the “**Borrower Loan**”) to the Borrower to finance the acquisition, construction and equipping of a multifamily rental housing development located in the City of San José, County of Santa Clara, California, known as the 1860 Alum Rock Apartments (the “**Project**”); and

WHEREAS, simultaneously with the delivery of this Funding Loan Agreement, the Governmental Lender and the Borrower will enter into a Borrower Loan Agreement dated as of May 1, 2023 (as it may be supplemented or amended, the “**Borrower Loan Agreement**”), whereby the Borrower agrees to make loan payments to the Governmental Lender in an amount that, when added to other funds available under this Funding Loan Agreement, will be sufficient to enable the Governmental Lender to repay the Funding Loan and to pay all costs and expenses related thereto when due; and

WHEREAS, to evidence its payment obligations under the Borrower Loan Agreement, the Borrower will execute and deliver to the Governmental Lender its Borrower Tax-Exempt Note (as defined in the Borrower Loan Agreement) and its Borrower Taxable Note (as defined in the Borrower Loan Agreement) (each a “**Borrower Note**” and collectively, the “**Borrower Notes**”) which will be secured by a lien on and security interest in the Project pursuant to a Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of May 1, 2023 (the “**Security Instrument**”), made by the Borrower in favor of the Governmental Lender, as assigned to the Funding Lender to secure the performance by the Governmental Lender of its obligations under the Funding Loan; and

WHEREAS, the Governmental Lender has executed and delivered to the Funding Lender its Multifamily Housing Revenue Note (1860 Alum Rock Apartments) Series 2023A-1 (Tax-Exempt), dated the Closing Date (the “**Governmental Lender Tax-Exempt Note**”) and its Multifamily Housing Revenue Note (1860 Alum Rock Apartments) Series 2023A-2 (Taxable), dated the Closing Date (the “**Governmental Lender Taxable Note**” and, collectively with the Governmental Lender Tax-Exempt Note, the “**Governmental Lender Notes**”) evidencing its obligation to make the payments due to the Funding Lender under the Funding Loan, as provided in this Funding Loan Agreement, all things necessary to make this Funding Loan Agreement, the valid, binding and legal limited obligation of the Governmental Lender have been done and performed and the execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Lender Notes, subject to the terms hereof, have in all respects been duly authorized;

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

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

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

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

(d) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with 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 Governmental Lender Tax-Exempt Note as “tax exempt” or to the “tax exempt status” of the Governmental Lender Tax-Exempt Note are to the exclusion of interest on the

Governmental Lender Tax-Exempt Note (other than any portion of the Governmental Lender Tax-Exempt Note held by a “substantial user” of the Project or a “related person” within the meaning of section 147 of the Code) from gross income for federal income tax purposes pursuant to section 103(a) of the Code.

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

“**Act**” means Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California as in effect on the Closing Date, as the same may be amended from time to time (but only to the extent any such amendments, by their terms or by appropriate election of the Governmental Lender, apply to the Governmental Lender Notes as of the effective date of such amendments).

“**Additional Borrower Payments**” shall have the meaning given such term in the Borrower Loan Agreement.

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

“**Approved Transferee**” means (1) a “qualified institutional buyer” (“QIB”) as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the “Securities Act”) that is a financial institution or commercial bank having capital and surplus of \$5,000,000,000 or more, (2) an affiliate of the Funding Lender, (3) a trust or custodial arrangement established by the Funding Lender or one of its affiliates, the beneficial interests in which will be owned only by QIBs.

“**Authorized Amount**” shall mean (i) with respect to the Governmental Lender Tax-Exempt Note, \$[29,468,877], the maximum principal amount of the Governmental Lender Tax-Exempt Note authorized under this Funding Loan Agreement; and (ii) with respect to the Governmental Lender Taxable Note, \$[2,502,522], the original principal amount of the Governmental Lender Taxable Note authorized under this Funding Loan Agreement.

“**Authorized Governmental Lender Representative**” shall mean each of the City Manager, the Director of Housing, the **Assistant Director of Housing**, the Director of Finance, the Assistant Director of Finance, the Deputy Director, Debt & Management of the Governmental Lender and any other officer or employee of the Governmental Lender designated by certificate of any of the foregoing as authorized by the Governmental Lender, acting alone, to perform a specified act, sign a specified document or otherwise take action with respect to the Governmental Lender Notes.

“**Borrower**” shall mean Alum Rock, L.P., a California limited partnership and its permitted successors and assigns.

“**Borrower Loan**” shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to the Borrower Loan Agreement in the aggregate principal amount of the Borrower Loan Amount, as evidenced by the Borrower Notes.

“**Borrower Loan Agreement**” shall mean the Borrower Loan Agreement, dated as of May 1, 2023, between the Governmental Lender and the Borrower, as supplemented, amended or replaced from time to time in accordance with its terms.

“**Borrower Loan Agreement Default**” shall mean any event of default set forth in 8.1 of the Borrower Loan Agreement. A Borrower Loan Agreement Default shall “exist” if a Borrower Loan Agreement Default shall have occurred and be continuing beyond any applicable cure period.

**“Borrower Loan Amount”** shall mean the amount of \$[Aggregate Par].

**“Borrower Loan Documents”** shall have the meaning given to such term in the Borrower Loan Agreement.

**“Borrower Notes”** shall mean the “Borrower Notes” as defined in the Borrower Loan Agreement.

**“Borrower Tax-Exempt Note”** shall mean the “Borrower Tax-Exempt Note” as defined in the Borrower Loan Agreement.

**“Borrower Taxable Note”** shall mean the “Borrower Taxable Note” as defined in the Borrower Loan Agreement.

**“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 are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

**“Closing Costs”** has the meaning given to the term Costs of Funding in the Borrower Loan Agreement.

**“CDLAC”** means the California Debt Limit Allocation Committee or its successors.

**“Closing Date”** shall mean [Closing Date], the date that initial Funding Loan proceeds are disbursed hereunder.

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

**“Conditions to Conversion”** shall have the meaning given such term in the Construction Funding Agreement.

**“Construction Funding Agreement”** means that certain Construction Funding Agreement dated as of May 1, 2023, between the Funding Lender, as agent for the Governmental Lender, and Borrower, pursuant to which the Borrower Loan will be advanced by the Funding Lender, as agent of the Governmental Lender, to the Fiscal Agent for disbursement to the Borrower and setting forth certain provisions relating to disbursement of the Borrower Loan during construction, insurance and other matters, as such agreement may be amended, modified, supplemented and replaced from time to time.

**“Contingency Draw-Down Agreement”** means the Contingency Draw-Down Agreement of even date herewith among the Funding Lender, the Fiscal Agent and the Borrower relating to possible conversion of the Tax-Exempt Portion of the Funding Loan from a draw down loan to a fully funded loan.

**“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.



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

**“Draw-Down Notice”** shall mean a notice described in Section 1.01 of the Contingency Draw-Down Agreement regarding the conversion of the Tax-Exempt Portion of the Funding Loan from a draw down loan to a fully funded loan.

**“Event of Default”** shall have the meaning ascribed thereto in Section 9.1 hereof.

**“Fiscal Agent’s Fees”** shall mean the ongoing annual compensation and expenses of the Fiscal Agent payable annually in advance, commencing on the Closing Date, and each May 1 thereafter, in an amount equal to \$5,000 per annum.

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

**“Funding Loan Documents”** shall mean (i) this Funding Loan Agreement, (ii) the Borrower Loan Agreement, (iii) the Regulatory Agreement, (iv) the Tax Certificate, (v) the Borrower Loan Documents, (vi) all other documents evidencing, securing, governing or otherwise pertaining to the Funding Loan, and (vii) all amendments, modifications, renewals and substitutions of any of the foregoing.

**“Governmental Lender”** shall mean the City of San José, California.

**“Governmental Lender Fee”** means (i) the Governmental Lender’s initial fee payable in accordance with the Governmental Lender’s current fee schedule and (ii) the Ongoing Governmental Lender Fee.

**“Governmental Lender Notes”** shall mean the Governmental Lender Tax-Exempt Note and the Governmental Lender Taxable Note. The Governmental Lender Notes shall evidence the Governmental Lender’s payment obligations under the Funding Loan and shall not be construed as creating a separate payment obligation or transferred in any manner inconsistent with the foregoing.

**“Governmental Lender Tax-Exempt Note”** shall mean that certain City of San José Multifamily Housing Revenue Note (1860 Alum Rock Apartments) Series 2023A-1 (Tax-Exempt), dated the Closing Date, in the original maximum principal amount of \$[29,468,877], made by the Governmental Lender and payable to the Funding Lender, as executed by the Governmental Lender on the Closing Date and as it may thereafter be amended or supplemented from time to time. The Governmental Lender Tax-Exempt Note shall evidence the Government Lender’s payment obligations with respect to the Tax-Exempt Portion of the Funding Loan and shall not be construed as creating a separate payment obligation or be transferred in any manner inconsistent with the foregoing.

**“Governmental Lender Taxable Note”** shall mean that certain City of San José Multifamily Housing Revenue Note (1860 Alum Rock Apartments) Series 2023A-2 (Taxable), dated the Closing Date, in the original maximum principal amount of \$[2,502,522], made by the Governmental Lender and payable to the Funding Lender, as executed by the Governmental Lender on the Closing Date and as it may thereafter be amended or supplemented from time to time. The Governmental Lender Taxable Note shall evidence the Government Lender’s payment obligations with respect to the Taxable Portion of the Funding

Loan and shall not be construed as creating a separate payment obligation or be transferred in any manner inconsistent with the foregoing.

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

**“Maturity Date”** shall mean [Tax-Exempt Note Maturity Date] with respect to the Governmental Lender Tax-Exempt Note and [Taxable Note Maturity Date] with respect to the Governmental Lender Taxable Note.

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

**“Minimum Beneficial Ownership Amount”** shall mean an amount no **less than fifteen percent (15%) of the outstanding principal amount of the Funding Loan, but not** less than \$100,000, or the full outstanding principal amount of the respective Tax-Exempt Portion and the Taxable Portion of the Funding Loan, if such respective principal amount of the Tax-Exempt Portion and the Taxable Portion of the Funding Loan is less than \$100,000.

**“Moody’s”** shall mean Moody’s Investors Service, Inc., or its successor.

**“Negative Arbitrage Account”** means the Negative Arbitrage Account of the Project Fund established under Section 7.3, as otherwise described in the Contingency Draw-Down Agreement.

**“Negative Arbitrage Deposit”** has the meaning set forth in the Contingency Draw-Down Agreement.

**“Ongoing Governmental Lender Fee”** shall mean the Governmental Lender’s annual fee with respect to the Governmental Lender Notes in the amount as set forth in and in accordance with and pursuant to the provisions of the Borrower Loan Agreement and the Regulatory Agreement.

**“Opinion of Counsel”** shall mean a written opinion from an attorney or firm of attorneys, acceptable to the Funding Lender and the Governmental Lender with experience in the matters to be covered in the opinion; provided that whenever an Opinion of Counsel is required to address the exclusion of interest on the Governmental Lender Tax-Exempt Note from gross income for purposes of federal income taxation, such opinion shall be provided by Tax Counsel.

**“Permitted Investments”** shall mean, to the extent authorized by law (including, without limitation, the Governmental Lender’s applicable investment policies) for investment of any moneys held under this Funding Loan Agreement:

(a) Direct obligations of the United States of America including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America (“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, or direct obligations of the World Bank, which obligations are rated in the Highest Rating Category.

(c) Demand deposits or time deposits with, or certificates of deposit issued by, the Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000 and maturing in less than 365 days; provided that the Fiscal Agent or such other institution has been rated at least “VMIG-1”/“A-1+” by Moody’s/S&P which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency.

(d) Bonds (including tax-exempt bonds), bills, notes or other obligations of or secured by Fannie Mae, Freddie Mac, the Federal Home Loan Bank or the Federal Farm Credit Bank.

(e) Money market funds rated AAA by S&P which are registered with the Securities and Exchange Commission and which meet the requirements of Rule 2(a)(7) of the Investment Company Act of 1940, as amended, which may be administered by the Fiscal Agent or its affiliates.

(f) Collateralized Investment Agreements or Repurchase Agreements with financial institutions rated in the “A” category or higher without regard to qualifiers, by at least one Rating Agency. The agreement must be continually collateralized with obligations specified in paragraphs (a), (b) and/or (d) above, eligible for wire through the Federal Reserve Bank System or the DTC/PTC as applicable, and at a level of at least 103% of the amount on deposit and valued no less than daily. The collateral must be held by a third party custodian and be free and clear of all liens and claims of third parties. Securities must be valued daily, marked-to-market at current market price plus accrued interest. If the market value of the securities is found to be below the required level, the provider must restore the market value of the securities to the required level within one (1) business day. Permitted collateral must be delivered to and held in a segregated account by the Fiscal Agent or a custodian (the “Collateral Agent”), and the Collateral Agent cannot be the provider. The collateral must be delivered to the Collateral Agent before/simultaneous with payment (perfection by possession of certificated securities). Acceptable collateral must be free and clear of all liens and claims of third parties and shall be registered in the name of the Collateral Agent for the benefit of the Governmental Lender and Fiscal Agent. The agreement shall state that the Collateral Agent has a valid and perfected first priority security interest in the securities, any substituted securities and all proceeds thereof.

(g) Any other investment authorized by the laws of the State, if such investment is approved in advance in writing by the Funding Lender in its sole discretion.

Permitted Investments shall not include any of the following:

(1) Except for any investment described in the next sentence, any investment or any agreement with a maturity profile greater than the date(s) on which funds representing the corpus of the investment may be needed under the Funding Loan Documents. This exception (1) shall not apply to Permitted Investments listed in paragraph (g).

(2) Any obligation bearing interest at an inverse floating rate.

(3) Any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

(4) 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.

**“Person”** shall mean any individual, corporation, limited liability company, partnership, joint venture, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

**“Pledged Revenues”** shall mean the amounts pledged under this Funding Loan Agreement to the payment of the principal of, prepayment premium, if any, and interest on the Funding Loan and the Governmental Lender Notes, consisting of the following: (i) all income, revenues, proceeds and other amounts to which the Governmental Lender is entitled (other than amounts received by the Governmental Lender with respect to the Unassigned Rights) derived from or in connection with the Project and the Funding Loan Documents, including all Borrower Loan Payments due under the Borrower Loan Agreement and the Borrower Notes, payments with respect to the Borrower Loan Payments and all amounts obtained through the exercise of the remedies provided in the Funding Loan Documents and all receipts credited under the provisions of this Funding Loan Agreement against said amounts payable, and (ii) moneys held in the funds and accounts established under this Funding Loan Agreement, together with investment earnings thereon. Nothingstanding the foregoing, “Pledged Revenues” shall not include amounts payable by the Borrower to the Governmental Lender pursuant to Section 2.5, 5.11, 5.14, 5.15, 5.35 or 10.14 of the Borrower Loan Agreement, or under Article IX of the Borrower Loan Agreement, and shall not include amounts in the Rebate Fund referenced in Section 5.35 of the Borrower Loan Agreement.

**“Prepayment Premium”** shall mean (i) any premium payable by the Borrower pursuant to the Borrower Loan Documents in connection with a prepayment of the Borrower Notes (including any Prepayment Premium as set forth in the Borrower Notes) and (ii) any premium payable on the Governmental Lender Notes pursuant to this Funding Loan Agreement.

**“Qualified Project Costs”** shall have the meaning given to it in the Borrower Loan Agreement.

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

**“Regulatory Agreement”** shall mean that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of the date hereof, by and between the Governmental Lender and the Borrower, as hereafter amended or modified in accordance with its terms.

**“Remaining Funding Loan Proceeds Account”** means the Remaining Funding Loan Proceeds Account of the Project Fund established under Section 7.3, as otherwise described in the Contingency Draw-Down Agreement.

**“Required Transferee Representations”** shall mean the representations in substantially the form attached to this Funding Loan Agreement as EXHIBIT B.

**“Resolution”** shall mean the resolution of the Governmental Lender authorizing the Funding Loan and the execution and delivery of the Funding Loan Documents to which the Governmental Lender is a party.

**“Responsible Officer”** shall mean any officer within the Global Corporate Trust department (or any successor group) of the Fiscal Agent, including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Fiscal Agent customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, who is responsible for the administration of this Funding Loan Agreement.

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

**“Security”** shall mean the security for the performance by the Governmental Lender of its obligations under the Governmental Lender Notes and this Funding Loan Agreement as more fully set forth in Article IV hereof.

**“Security Instrument”** shall mean the Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (as amended, restated and/or supplemented from time to time) dated as of May 1, 2023, made by the Borrower in favor of the Governmental Lender, as assigned to the Funding Lender to secure the performance by the Governmental Lender of its obligations under the Funding Loan.

**“Servicer”** shall mean any servicer appointed by the Funding Lender to perform certain servicing functions with respect to the Funding Loan and on the Borrower Loan pursuant to a separate servicing agreement to be entered into between the Funding Lender and the Servicer. Initially the Servicer shall be the Funding Lender pursuant to this Funding Loan Agreement.

**“Servicing Agreement”** shall mean any servicing agreement entered into between the Funding Lender and a Servicer with respect to the servicing of the Funding Loan and/or the Borrower Loan.

**“Standard & Poor’s”** or **“S&P”** shall mean S&P Global Ratings, a division of S&P Global Inc., and its successors.

**“State”** shall mean the State of California.

**“Taxable Portion of the Borrower Loan”** shall have the meaning set forth in the Borrower Loan Agreement.

**“Taxable Portion of the Funding Loan”** shall mean the portion of the Funding Loan evidenced by the Governmental Lender Taxable Note.

**“Tax Certificate”** shall mean the Tax Certificate and Agreement, dated the Closing Date, executed and delivered by the Governmental Lender and the Borrower, as amended, supplemented or otherwise modified from time to time.

**“Tax Counsel”** shall mean Orrick, Herrington & Sutcliffe LLP, or any other attorney or firm of attorneys designated by the Governmental Lender and approved by the Funding Lender having a national reputation for skill in connection with the authorization and issuance of municipal obligations under sections 103 and 141 through 150 (or any successor provisions) of the Code.

**“Tax Counsel Approving Opinion”** shall mean an opinion of Tax Counsel substantially to the effect that the Governmental Lender Notes constitute valid and binding obligations of the Governmental Lender and that, under existing statutes, regulations published rulings and judicial decisions, the interest on the Governmental Lender Tax-Exempt Note is excludable from gross income for federal income tax purposes (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

**“Tax Counsel No Adverse Effect Opinion”** shall mean an opinion of Tax Counsel substantially to the effect that the taking of the action specified therein will not, in and of itself, adversely affect any exclusion of interest on the Governmental Lender Tax-Exempt Note from gross income for purposes of federal income taxation (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

**“Tax-Exempt Portion of the Borrower Loan”** shall have the meaning set forth in the Borrower Loan Agreement.

**“Tax-Exempt Portion of the Funding Loan”** shall mean the portion of the Funding Loan evidenced by the Governmental Lender Tax-Exempt Note.

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

**“Unassigned Rights”** shall mean the Governmental Lender’s rights under Section 2.2(b) of the Borrower Loan Agreement with respect to the enforcement of certain tax covenants, the Regulatory Agreement and other Unassigned Rights, its rights to reimbursement and payment of its fees, costs and expenses and the Rebate Amount under Sections 2.5 and 5.35 thereof, its rights of access under Section 5.17 thereof, its rights to indemnification under Section 5.15 thereof, its rights to attorneys’ fees and other fees under Sections 5.11 and 5.14 thereof, its rights to payment of its expenses under Sections 5.11, 5.14 and Section 10.14 thereof, its rights to enforce jurisdiction and venue under Section 10.21 thereof, its rights to waiver of personal liability under Section 11.3 thereof, its rights to receive notices, reports and other statements and its rights to consent to certain matters, as provided in this Funding Loan Agreement and the Borrower Loan Agreement, and the Governmental Lender’s rights under the Regulatory Agreement.

**“Written Certificate,” “Written Certification,” “Written Consent,” “Written Direction,” “Written Notice,” “Written Order,” “Written Request,” and “Written Requisition”** shall mean a written certificate, direction, notice, order or requisition signed by an Authorized Borrower Representative, an Authorized Governmental Lender Representative or an authorized representative of the Funding Lender and delivered to the Funding Lender, the Servicer, the Fiscal Agent or such other Person as required under the Funding Loan Documents.

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

**Section 1.2. Effect of Headings and Table of Contents.** The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

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



**Section 1.4. Designation of Time for Performance.** Except as otherwise expressly provided herein, any reference in this Funding Loan Agreement to the time of day shall mean the time of day in the city where the Funding Lender maintains its place of business for the performance of its obligations under this Funding Loan Agreement.

**Section 1.5. Interpretation.** The parties hereto acknowledge that each of them and their respective counsel have participated in the drafting and revision of this Funding Loan Agreement. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Funding Loan Agreement or any amendment or supplement or exhibit hereto.

## ARTICLE II

### TERMS; GOVERNMENTAL LENDER NOTE

#### Section 2.1. Terms.

(a) Principal Amount. The total principal amount of the Funding Loan is hereby expressly limited to the Authorized Amount.

(b) Draw-Down Funding. The Funding Loan is originated on a draw-down basis. The proceeds of the Funding Loan shall be advanced by the Funding Lender directly to the Fiscal Agent (pursuant to the wiring instructions on Exhibit E attached hereto) for the account of the Governmental Lender for disbursement to the Borrower as and when needed to make each advance in accordance with the disbursement provisions of the Borrower Loan Agreement and the Construction Funding Agreement. Subject to the terms and conditions of the Borrower Loan Agreement and this Funding Loan Agreement, the Funding Lender agrees to advance, on behalf of the Governmental Lender, to the Fiscal Agent for disbursement to the Borrower under the Borrower Loan Agreement the amount of the initial advance equal to \$[ ] (consisting of \$[ ] of the Tax-Exempt Portion of the Funding Loan [and \$[ ] of the Taxable Portion of the Funding Loan]) on the Closing Date. Notwithstanding anything in this Funding Loan Agreement to the contrary, no additional amounts of the Tax-Exempt Portion of the Funding Loan may be drawn down and funded hereunder after December 31, 2026; provided, however, that upon the delivery of a Tax Counsel No Adverse Effect Opinion to the Governmental Lender, Fiscal Agent and the Funding Lender such date may be changed to a later date as specified in such Tax Counsel No Adverse Effect Opinion. The Governmental Lender has reviewed and approved the form of Contingency Draw-Down Agreement and consents to the terms thereof and agrees to take all actions reasonably required of the Governmental Lender in connection with the conversion of the Tax-Exempt Portion of the Funding Loan to a fully drawn loan pursuant to the provisions of the Contingency Draw-Down Agreement in the event a Draw-Down Notice is filed by the Funding Lender or the Borrower.

(c) Origination Date; Maturity. The Funding Loan shall be originated on the Closing Date and (i) the Tax-Exempt Portion of the Funding Loan shall mature on its Maturity Date at which time the entire principal amount of the of the Tax-Exempt Portion of the Funding Loan, to the extent not previously paid, and all accrued and unpaid interest thereon, shall be due and payable, and (ii) the Taxable Portion of the Funding Loan shall mature on its Maturity Date at which time the entire principal amount of the of the Taxable Portion of the Funding Loan, to the extent not previously paid, and all accrued and unpaid interest thereon, shall be due and payable.

(d) Principal. The outstanding principal amount of the Governmental Lender Tax-Exempt Note and of the Tax-Exempt Portion of the Funding Loan as of any given date shall be the total amount advanced by the Funding Lender to the Fiscal Agent to or for the account of the Governmental Lender to fund corresponding advances with respect to the Borrower Tax-Exempt Note under the Borrower Loan Agreement and the Construction Funding Agreement as proceeds of the Tax-Exempt Portion of the Borrower Loan, less any payments of principal of the Governmental Lender Tax-Exempt Note previously received upon payment of corresponding principal amounts under the Borrower Tax-Exempt Note, including regularly scheduled principal payments and voluntary and mandatory prepayments. The outstanding principal amount of the Governmental Lender Taxable Note and of the Taxable Portion of the Funding Loan as of any given date shall be the total amount advanced by the Funding Lender to the Fiscal Agent to or for the account of the Governmental Lender to fund corresponding advances with respect to the Borrower Taxable Note under the Borrower Loan Agreement and the Construction Funding Agreement as proceeds of the Taxable Portion of the Borrower Loan, less any payments of principal of the Governmental



Lender Taxable Note previously received upon payment of corresponding principal amounts under the Borrower Taxable Note, including regularly scheduled principal payments and voluntary and mandatory prepayments. The principal amount of the Governmental Lender Notes and interest thereon shall be payable on the basis specified in this paragraph (d) and in paragraphs (e) and (f) of this Section 2.1.

The Fiscal Agent shall keep a record of all principal advances and principal repayments made under the Governmental Lender Notes and shall upon written request provide the Governmental Lender and the Funding Lender with a statement of (i) the outstanding principal balance of the Governmental Lender Tax-Exempt Note and the Tax-Exempt Portion of the Funding Loan and (ii) the outstanding principal balance of the Governmental Lender Taxable Note and the Taxable Portion of the Funding Loan.

(e) Interest. Interest shall be paid on the outstanding principal amount of the Governmental Lender Tax-Exempt Note at the rate or rates set forth in the Borrower Tax-Exempt Note and otherwise as set forth for the Tax-Exempt Portion of the Borrower Loan in the Borrower Loan Agreement, and interest shall be paid on the outstanding principal amount of the Governmental Lender Taxable Note at the rate or rates set forth in the Borrower Taxable Note and otherwise as set forth for the Taxable Portion of the Borrower Loan in the Borrower Loan Agreement; provided, however, that in no event shall interest paid on the Governmental Lender Notes exceed the Maximum Rate.

(f) Corresponding Payments. The payment or prepayment of principal, interest and premium, if any, due on the Governmental Lender Tax-Exempt Note shall be identical with and shall be made on the same dates, terms and conditions, as the principal, interest, premiums, late payment fees and other amounts due on the Borrower Tax-Exempt Note. The payment or prepayment of principal, interest and premium, if any, due on the Governmental Lender Taxable Note shall be identical with and shall be made on the same dates, terms and conditions, as the principal, interest, premiums, late payment fees and other amounts due on the Borrower Taxable Note.

(g) Usury. The Governmental Lender intends to conform strictly to the usury laws applicable to this Funding Loan Agreement and the Governmental Lender Notes and all agreements made in the Governmental Lender Notes, this Funding Loan Agreement and the Funding Loan Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto. If, from any circumstances whatsoever, the fulfillment of any provision of the Governmental Lender Notes, this Funding Loan Agreement or the other Funding Loan Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If from any circumstances whatsoever, the Funding Lender shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by the Funding Lender, to the reduction of the principal remaining unpaid hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. This paragraph shall control every other provision of the Governmental Lender Notes, this Funding Loan Agreement and all other Funding Loan Documents.

In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the Governmental Lender intends and agrees that (i) interest shall be computed upon the assumption that payments under the Borrower Loan Agreement and other Funding Loan Documents will be paid according to the agreed terms, and (ii) any sums of money that are taken into account in the calculation of interest, even though paid at one time, shall be spread over the actual term of the Funding Loan.

**Section 2.2. Form of Governmental Lender Notes.** As evidence of its obligation to repay the Funding Loan, simultaneously with the delivery of this Funding Loan Agreement to the Funding Lender, the Governmental Lender hereby agrees to execute and deliver the Governmental Lender Notes. The Governmental Lender Notes shall be substantially in the form set forth in EXHIBIT A attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Funding Loan Agreement. In connection with Conversion, the Funding Lender shall have the right to exchange the then existing Governmental Lender Tax-Exempt Note on or after the Conversion Date for a new Governmental Lender Tax-Exempt Note with a dated date of the Conversion Date and in a stated principal amount equal to the then outstanding principal amount of the Governmental Lender Tax-Exempt Note, which amount will equal the Permanent Period Amount of the Borrower Loan.

**Section 2.3. Execution and Delivery of Governmental Lender Notes.** The Governmental Lender Notes shall be executed on behalf of the Governmental Lender by the manual or facsimile signature of Authorized Governmental Lender Representative and authenticated by the manual signature of an authorized signatory of the Fiscal Agent. The manual or facsimile signatures of any individual of a proper officer of the Governmental Lender at the time of execution shall bind the Governmental Lender, notwithstanding that such individual or any of them shall have ceased to hold such offices prior to the authentication and delivery of the Governmental Lender Notes or shall not have held such offices at the date of the Governmental Lender Notes.

**Section 2.4. Required Transferee Representations; Participations; Sale and Assignment.**

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

(b) The Funding Lender shall have the right to sell (i) the Governmental Lender Notes and the Funding Loan or (ii) any portion of or a participation interest in the Governmental Lender Notes and the Funding Loan, to the extent permitted by Section 2.4(c) below, provided that such sale shall be only to Approved Transferees that execute and deliver to the Funding Lender, with a copy to the Governmental Lender and the Fiscal Agent, the Required Transferee Representations.

(c) Notwithstanding the other provisions of this Section 2.4, no beneficial ownership interest in the Governmental Lender Notes and Funding Loan shall be sold in an amount that is less than the Minimum Beneficial Ownership Amount; **provided, however, that beneficial ownership interest in the Governmental Lender Notes and Funding Loan described in clause (3) of the definition of “Approved Transferee” may not be sold in any amount less than \$100,000.**

(d) No service charge shall be made for any sale or assignment of any portion of the Governmental Lender Notes, but the Governmental Lender may require payment of a sum sufficient to cover any legal fees, tax or other governmental charge that may be imposed in connection with any such sale or assignment. Such sums shall be paid in every instance by the purchaser or assignee of the Funding Loan or portion thereof.

(e) The Governmental Lender Notes, or any interest therein, shall be in fully-registered form transferable to subsequent holders only on the registration books that shall be maintained by the Fiscal Agent for such purpose and that shall be open to inspection by the Governmental Lender and the Funding Lender upon reasonable prior notice. The Governmental Lender Notes shall not be transferred through the services of the Depository Trust Company or any other third party registrar.

(f) The Funding Lender and the Governmental Lender agree that no rating shall be sought from a rating agency with respect to the Funding Loan or the Governmental Lender Notes.

## ARTICLE III

### PREPAYMENT

**Section 3.1. Prepayment of Governmental Lender Notes From Prepayment Under the Borrower Notes.** The Governmental Lender Notes are subject to voluntary and mandatory prepayment as follows:

(a) The Governmental Lender Tax-Exempt Note shall be subject to voluntary prepayment in full or in part to the extent and in the manner and on any date that the Borrower Tax-Exempt Note is subject to voluntary prepayment as set forth therein, at a prepayment price equal to the principal balance of the Borrower Tax-Exempt Note to be prepaid, plus interest thereon to the date of prepayment and the amount of any Prepayment Premium payable under the Borrower Tax-Exempt Note, plus any Additional Borrower Payments due and payable under the Borrower Loan Agreement in connection with such prepayment through the date of prepayment. The Governmental Lender Taxable Note shall be subject to voluntary prepayment in full or in part to the extent and in the manner and on any date that the Borrower Taxable Note is subject to voluntary prepayment as set forth therein, at a prepayment price equal to the principal balance of the Borrower Taxable Note to be prepaid, plus interest thereon to the date of prepayment and the amount of any Prepayment Premium payable under the Borrower Taxable Note, plus any Additional Borrower Payments due and payable under the Borrower Loan Agreement in connection with such prepayment through the date of prepayment.

The Borrower shall not have the right to voluntarily prepay all or any portion of the Borrower Notes, thereby causing the Governmental Lender Notes to be prepaid, except as specifically permitted in the Borrower Notes, without the prior written consent of Funding Lender, which may be withheld in Funding Lender's sole and absolute discretion.

(b) The Governmental Lender Tax-Exempt Note shall be subject to mandatory prepayment in whole or in part upon prepayment of the Borrower Tax-Exempt Note at the direction of the Funding Lender in accordance with the terms of the Borrower Tax-Exempt Note at a prepayment price equal to the outstanding principal balance of the Borrower Tax-Exempt Note prepaid, plus accrued interest plus any other amounts payable under the Borrower Tax-Exempt Note or the Borrower Loan Agreement in connection with such prepayment. The Governmental Lender Taxable Note shall be subject to mandatory prepayment in whole or in part upon prepayment of the Borrower Taxable Note at the direction of the Funding Lender in accordance with the terms of the Borrower Taxable Note at a prepayment price equal to the outstanding principal balance of the Borrower Taxable Note prepaid, plus accrued interest plus any other amounts payable under the Borrower Taxable Note or the Borrower Loan Agreement in connection with such prepayment.

**Section 3.2. Notice of Prepayment.** Notice of prepayment of the Governmental Lender Notes shall be deemed given to the extent that notice of prepayment of the Borrower Notes is timely and properly given to the Funding Lender (with a copy to the Governmental Lender) in accordance with the terms of the Borrower Notes and the Borrower Loan Agreement, and no separate notice of prepayment of the Governmental Lender Notes are required to be given; provided that, the Borrower agrees to provide at least thirty (30) days prior written notice to CDLAC and the Governmental Lender of any prepayment of the Borrower Tax-Exempt Note prior to or in connection with the Conversion Date, which may be given to such parties at their respective notice addresses set forth in the Regulatory Agreement and the Funding Loan Agreement, or by mutually acceptable electronic means, for the purpose of facilitating recycling of

volume cap as described in Section 3.3 of this Funding Loan Agreement. Any defect in such notice shall not constitute a default hereunder, under the other Borrower Loan Documents or the Regulatory Agreement.

**Section 3.3 Recycling Transactions.** Notwithstanding any provision of this Funding Loan Agreement or the Governmental Lender Notes to the contrary, the Governmental Lender shall be permitted to direct Borrower Tax-Exempt Note prepayments to be transferred to a custodian or trustee selected by the Governmental Lender, in lieu of application to prepay a like portion of the Governmental Lender Tax-Exempt Note, so long as the Governmental Lender simultaneously causes other funds to be applied to prepay such portion of the Governmental Lender Tax-Exempt Note. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

## ARTICLE IV

### SECURITY

**Section 4.1. Security for the Funding Loan.** To secure the payment of the Funding Loan and the Governmental Lender Notes, to declare the terms and conditions on which the Funding Loan and the Governmental Lender Notes are secured, and in consideration of the premises and of the funding of the Funding Loan by the Funding Lender, the Governmental Lender by these presents does grant, bargain, sell, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Funding Lender for the benefit of the holder from time to time of the Governmental Lender Notes or any interest therein (except as limited herein), a lien on and security interest in the following described property (excepting, however, in each case, the Unassigned Rights and amounts excluded from the definition of Pledged Revenues) (said property, rights and privileges being herein collectively called, the “**Security**”):

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

(b) All right, title and interest of the Governmental Lender in, to and under, together with all rights, remedies, privileges and options pertaining to, the Funding Loan Documents, and all other payments, revenues and receipts derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Funding Loan Documents;

(c) Any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held under this Funding Loan Agreement, subject to the provisions of this Funding Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

(d) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Funding Loan Agreement as additional security by the Governmental Lender or anyone on its part or with its consent, or which pursuant to any of the provisions hereof or of the Borrower Loan Agreement may come into the possession or control of the Fiscal Agent, the Funding Lender or a receiver appointed pursuant to this Funding Loan Agreement; and the Fiscal Agent or the Funding Lender is hereby authorized to receive any and all such property as and for additional security for the Funding Loan and the Governmental Lender Notes and to hold and apply all such property subject to the terms hereof.

The pledge and assignment of and the security interest granted in the Security pursuant to this Section 4.1 for the payment of the principal of, premium, if any, and interest on the Governmental Lender Notes, in accordance with its terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Governmental Lender Notes by the Governmental Lender. The Security so pledged and then or thereafter received by the Fiscal Agent or the Funding Lender shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind

in tort, contract or otherwise against the Governmental Lender irrespective of whether such parties have notice thereof.

**Section 4.2. Delivery of Security.** To provide security for the payment of the Funding Loan and the Governmental Lender Notes, the Governmental Lender has pledged and assigned to secure payment of the Funding Loan and the Governmental Lender Notes its right, title and interest in the Security to the Funding Lender. In connection with such pledge, assignment, transfer and conveyance, there shall be delivered to the Funding Lender, by or at the direction and expense of the Borrower, the following documents or instruments promptly following their execution and, to the extent applicable, their recording or filing:

(a) The Borrower Notes endorsed without recourse to the Funding Lender by the Governmental Lender;

(b) The originally executed Borrower Loan Agreement and Regulatory Agreement;

(c) The originally executed Security Instrument and all other Borrower Loan Documents existing at the time of delivery of the Borrower Notes and an assignment for security and without recourse of the Security Instrument from the Governmental Lender to the Funding Lender, in the form provided by the Funding Lender;

(d) UCC financing statements or other chattel security documents giving notice of the Funding Lender's status as an assignee of the Governmental Lender's security interest in any personal property forming part of the Project, in the form provided by the Funding Lender; and

(e) UCC financing statements, in forms provided by the Funding Lender, giving notice of the pledge by the Governmental Lender of the Security pledged under this Funding Loan Agreement.

The Governmental Lender shall deliver and deposit with the Funding Lender such additional documents, financing statements, and instruments as the Funding Lender may reasonably require from time to time for the better perfecting and assuring to the Funding Lender of its lien and security interest in and to the Security, at the expense of the Borrower.



## ARTICLE V

### LIMITED LIABILITY

**Section 5.1. Limited Liability.** All obligations and any liability of the Governmental Lender under any of the Funding Loan Documents are limited obligations of the Governmental Lender, payable solely from the Pledged Revenues and other funds and moneys and Security pledged and assigned hereunder. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the on the Governmental Lender Notes and the Funding Loan or for the performance of any pledge, obligation or agreement of any kind whatsoever of the Governmental Lender under the Funding Loan Documents except as set forth herein, and none of the Funding Loan or the Governmental Lender Notes or any of the Governmental Lender's agreements or obligations under the Funding Loan, the Governmental Lender Notes, or hereunder, shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. None of the faith, revenues, credit or taxing power of the Governmental Lender, the State or any other political corporation or subdivision or agency thereof shall be pledged to the payment of the principal of, premium (if any), or interest on the on the Governmental Lender Notes and the Funding Loan or otherwise to secure the obligations of the Governmental Lender under the Funding Loan Documents.

No recourse under or upon any obligation, covenant, warranty or agreement contained in the Funding Loan Documents, or under any judgment obtained against the Governmental Lender, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of the Funding Loan Documents, shall be had against the Governmental Lender or any of the officials, Councilmembers, officers, agents or employees of the Governmental Lender (past, present or future), either directly or through the Governmental Lender or otherwise, for the payment for or to the Governmental Lender or any receiver of the Governmental Lender, or for or to the owner of the Governmental Lender Notes and the Funding Loan, or otherwise, of any sum that may be due and unpaid by the Governmental Lender under any of the Funding Loan Documents. 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 Governmental Lender or of any such Councilmember, officer, agent or employee, as such, by reason of any act of omission on his or her part or otherwise, for the payment for or to the owner of the Governmental Lender Notes or the Funding Loan or otherwise of any sum that may remain due and unpaid under the Funding Loan Documents or any of them is, by the acceptance of the Governmental Lender Notes or the Funding Loan, expressly waived and released as a condition of and in consideration for the execution of this Funding Loan Agreement and the issuance of the Governmental Lender Notes and the Funding Loan.

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



rights or powers under the Funding Loan Documents, 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 Governmental Lender Notes or the Funding Loan or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of the Governmental Lender Notes or the Funding Loan or otherwise under the Funding Loan Documents shall be had against the Governmental Lender or any official, officer, Councilmember, agent or employee of the Governmental Lender, 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 Funding Loan Agreement and the issuance of the Governmental Lender Notes and the Funding Loan. No covenant, stipulation, obligation or agreement of the Governmental Lender contained in the Funding Loan Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future Councilmember, officer, agent or employee of the Governmental Lender in other than that person's official capacity. No Councilmember, officer, agent or employee of the Governmental Lender shall be individually or personally liable for the payment of the principal, Prepayment Premium, redemption price, if any or interest on the Governmental Lender Notes and the Funding Loan or be subject to any personal liability or accountability by reason of the issuance of the Governmental Lender Notes and the Funding Loan. No covenant, condition or agreement contained herein or in any of the other Funding Loan Documents shall be deemed to be a covenant, agreement or obligation of any present or future officer, Councilmember, employee or agent of the Governmental Lender in his individual capacity, and neither the officers, Councilmembers, employees or agents of the Governmental Lender executing the Governmental Lender Notes or the Funding Loan or any of the Funding Loan Documents shall be liable personally on the Governmental Lender Notes or the Funding Loan or under any of the Funding Loan Documents or be subject to any personal liability or accountability by reason of the issuance of the Governmental Lender Notes or the execution of any of the Funding Loan Documents.

It is recognized that, notwithstanding any other provision of the Funding Loan Documents, none of the Borrower, the Fiscal Agent, the Funding Lender or any owner of the Governmental Lender Notes or the Funding Loan shall look to the Governmental Lender for damages suffered by the Borrower, the Fiscal Agent, the Funding Lender or such owner as a result of the failure of the Governmental Lender to perform any covenant, undertaking or obligation under the Funding Loan Documents or any other documents referred to herein, or as a result of the incorrectness of any representation made by the Governmental Lender in any of such documents, or for any other reason. Although this Funding Loan Agreement recognizes that such documents shall not give rise to any pecuniary liability of the Governmental Lender, nothing contained in this Funding Loan Agreement shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Governmental Lender) in any court or before any governmental body, agency or instrumentality or otherwise against the Governmental Lender or any of its officers or employees to enforce the provisions of any of such documents which the Governmental Lender is obligated to perform and the performance of which the Governmental Lender has not assigned to the Fiscal Agent or any other person.

THE GOVERNMENTAL LENDER NOTES AND THE FUNDING LOAN AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE GOVERNMENTAL LENDER, PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS AND MONEYS AND SECURITY PLEDGED AND ASSIGNED HEREUNDER, AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE GOVERNMENTAL LENDER. NEITHER THE GOVERNMENTAL LENDER, THE STATE NOR ANY OTHER POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE GOVERNMENTAL LENDER NOTES ANY PREPAYMENT PREMIUM OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE MONEY SPECIFICALLY PLEDGED THEREFOR UNDER THIS FUNDING LOAN AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE NOR ANY POLITICAL

CORPORATION OR SUBDIVISION OR AGENCY THEREOF NOR OF THE GOVERNMENTAL LENDER, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREPAYMENT PREMIUM, IF ANY, OR INTEREST ON THE GOVERNMENTAL LENDER NOTES OR THE FUNDING LOAN OR OTHER COSTS INCIDENT THERETO.

**Section 5.2. Nature of the Governmental Lender's Obligations.** The Governmental Lender shall repay the Funding Loan, but only from amounts received by the Governmental Lender or the Funding Lender (in its capacity as assignee of the Governmental Lender) from the Borrower pursuant to the Funding Loan Documents irrespective of any rights of set-off, recoupment or counterclaim the Governmental Lender might otherwise have against the Funding Lender or any other person. The Governmental Lender will not suspend, discontinue or reduce any such payment or (except as expressly provided herein) terminate this Funding Loan Agreement for any cause, including, without limiting the generality of the foregoing: (i) any delay or interruption in the construction or operation of the Project; (ii) the failure to obtain any permit, order or action of any kind from any governmental agency relating to the Funding Loan or the Project; (iii) any event constituting force majeure; (iv) any acts or circumstances that may constitute commercial frustration of purpose; (v) any change in the laws of the United States of America, the State or any political subdivision thereof; or (vi) any failure of the Governmental Lender or the Funding Lender to perform or observe any covenant whether expressed or implied, or to discharge any duty, liability or obligation arising out of or connected with the Governmental Lender Notes; it being the intention of the parties that, as long as the Governmental Lender Notes or the Funding Loan or any portion thereof remains outstanding and unpaid, the Governmental Lender shall be obliged to repay the Funding Loan, but only from amounts received by the Governmental Lender or the Funding Lender (in its capacity as assignee of the Governmental Lender) from the Borrower pursuant to the Funding Loan Documents. This Section 5.2 shall not be construed to release the Governmental Lender from any of its obligations hereunder, or, except as provided in this Section 5.2, to prevent or restrict the Governmental Lender from asserting any rights which it may have against the Funding Lender under the Governmental Lender Notes or the Funding Loan or under any provision of law or to prevent or restrict the Governmental Lender, from prosecuting or defending any action or proceeding by or against the Funding Lender or the Borrower or taking any other action to protect or secure its rights, or to prevent or restrict the Funding Lender from asserting any rights which it may have against the Borrower.

Notwithstanding the foregoing, neither any past, present or future Councilmembers, officers, attorneys, accountants, financial advisors, agents, employees or staff or the Councilmembers, officers, attorneys, accountants, financial advisors, agents, employees or staff of any successor public entity, as such, either directly or through the Governmental Lender or any successor public entity, under any rule of law or penalty of otherwise shall be personally liable for the amounts owing under this Funding Loan Agreement or the Governmental Lender Notes or the Funding Loan; and the Funding Lender and Fiscal Agent's remedies in the event of a default under the Funding Loan shall be limited to those remedies set forth in Article IX hereof and, if a default also exists under the Funding Loan Documents, to commence foreclosure under the Security Instrument and the exercise of the power of sale or other rights granted thereunder. In the event of a default hereunder or under the Governmental Lender Notes, the Funding Lender shall not have the right to proceed directly against the Governmental Lender or the right to obtain a deficiency judgment from the Governmental Lender after foreclosure.

## ARTICLE VI

### CLOSING CONDITIONS; APPLICATION OF FUNDS

**Section 6.1. Conditions Precedent to Closing.** Closing of the Funding Loan on the Closing Date shall be conditioned upon satisfaction or waiver by the Funding Lender in its sole discretion of each of the conditions precedent to closing set forth in this Funding Loan Agreement (other than the requirements in clauses (e) and (g) as applicable to the deliverables to the Governmental Lender, or the requirements in clauses (i) and (j) below, each of which may only be waived by the Governmental Lender), including but not limited to the following:

- (a) Receipt by the Funding Lender of the original Governmental Lender Notes;
- (b) Receipt by the Funding Lender of the original executed Borrower Notes, endorsed without recourse to the Funding Lender by the Governmental Lender;
- (c) Receipt by the Funding Lender of executed counterpart copies of this Funding Loan Agreement, the Borrower Loan Agreement, the Construction Funding Agreement, the Regulatory Agreement, the Tax Certificate and the Security Instrument;
- (d) A certified copy of the Resolution;
- (e) Executed Required Transferee Representations from the Funding Lender;
- (f) Delivery into escrow or to the Fiscal Agent, as appropriate, of all amounts required to be paid in connection with the origination of the Borrower Loan and the Funding Loan and any underlying real estate transfers or transactions, including the Costs of Funding Deposit, in accordance with Section 2.3(c)(ii) of the Borrower Loan Agreement;
- (g) Receipt by the Governmental Lender of a Tax Counsel Approving Opinion accompanied by a reliance letter to the Funding Lender;
- (h) Receipt by the Funding Lender of an Opinion of Counsel from Tax Counsel to the effect that the Governmental Lender Notes are exempt from registration under the Securities Act of 1933, as amended, and this Funding Loan Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended;
- (i) Delivery of an opinion of counsel to the Borrower addressed to the Governmental Lender and the Funding Lender to the effect that the Borrower Loan Documents and the Regulatory Agreement are valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to such exceptions and qualifications as are acceptable to the Governmental Lender; and
- (j) Receipt by the Funding Lender and the Governmental Lender of any other documents or opinions that the Funding Lender, the Governmental Lender or Tax Counsel may require in connection with the closing.

## ARTICLE VII

### FUNDS AND ACCOUNTS

**Section 7.1. Authorization to Create Funds and Accounts.** Except as provided in Section 7.3 hereof, no funds or accounts shall be established in connection with the Funding Loan at the time of closing and origination of the Funding Loan. The Funding Lender, Fiscal Agent, and the Servicer, if any, are authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation awards), if any, received by the Governmental Lender, the Funding Lender, Fiscal Agent, or the Servicer pursuant to the terms hereof or any of the other Funding Loan Documents and not immediately transferred or disbursed pursuant to the terms of the Funding Loan Documents and/or the Borrower Loan Documents.

**Section 7.2. Investment of Funds.** Amounts held in any funds or accounts created under this Funding Loan Agreement shall be invested in Permitted Investments at the direction of the Borrower, subject in all cases to the restrictions of Section 8.7 hereof and of the Tax Certificate.

**Section 7.3. Establishment of Funds.** There are established with the Fiscal Agent the following funds and accounts:

- (a) The Funding Loan Payment Fund;
- (b) The Project Fund (and within such fund, the Note Proceeds Account, the Equity Account, the Remaining Funding Loan Proceeds Account and the Negative Arbitrage Account);
- (c) The Expense Fund;
- (d) The Closing Costs Fund; and
- (e) The Rebate Fund.

All money required to be deposited with or paid to the Fiscal Agent for the account of any of the funds or accounts created by this Funding Loan Agreement shall be held by the Fiscal Agent in trust for the benefit of the Funding Lender, and except for money held in the Expense Fund or the Rebate Fund, shall, while held by the Fiscal Agent, constitute part of the Pledged Revenues and be subject to the lien hereof.

All money to be deposited with or paid to the Fiscal Agent shall be wired to the Fiscal Agent pursuant to the wiring instructions contained in EXHIBIT E attached hereto. The Fiscal Agent shall provide Written Notice of any change to such wiring instructions to the Funding Lender and the Borrower no less than five (5) Business Days prior to the next payment date for which such revised instructions will be applicable.

**Section 7.4. Funding Loan Payment Fund.** The Governmental Lender and the Borrower shall have no interest in the Funding Loan Payment Fund or the moneys therein, which shall always be maintained by the Fiscal Agent completely separate and segregated from all other moneys held hereunder and from any other moneys of the Governmental Lender and the Borrower.

The Fiscal Agent shall deposit into the Funding Loan Payment Fund any amounts received from the Borrower as payments of principal of or premium on interest on the Borrower Loan and any other amounts received by the Fiscal Agent that are subject to the lien and pledge of this Funding Loan Agreement, including any Pledged Revenues not required to be deposited to the Expense Fund or not otherwise specifically directed in writing to be deposited into other funds created by this Funding Loan Agreement.

The Fiscal Agent shall apply all amounts on deposit in the Funding Loan Payment Fund in the following order of priority:

*First*, to pay or provide for the payment of the interest then due on the Funding Loan to the Funding Lender;

*Second*, to pay or provide for the payment or the prepayment of principal on the Funding Loan, provided moneys have been transferred or deposited into the Funding Loan Payment Fund for such purpose; and

*Third*, to pay or provide for the payment of the Tax-Exempt Portion of the Funding Loan on its Maturity Date and the Taxable Portion of the Funding Loan on its Maturity Date.

**Section 7.5. Expense Fund.** The Fiscal Agent shall deposit into the Expense Fund the amounts required by the Regulatory Agreement or the Borrower Loan Agreement to be paid by the Borrower to the Governmental Lender or the Fiscal Agent. Amounts on deposit in the Expense Fund shall be used to pay the fees and expenses of the Governmental Lender and the Fiscal Agent, as and when the same become due. In that regard, moneys in the Expense Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent to pay (i) the Ongoing Governmental Lender Fee to the Governmental Lender as and when due, (ii) the Fiscal Agent amounts due pursuant to the definition of “Fiscal Agent’s Fees” herein, (iii) upon receipt, to the Fiscal Agent, any amounts due to the Fiscal Agent that have not been paid, other than amounts paid in accordance with clause (ii) hereof, and (iv) upon receipt, to, or at the direction of, the Governmental Lender, any amounts owing the Governmental Lender by the Borrower and then due and unpaid, other than amounts paid in accordance with clause (i) hereof.

In the event that the amounts on deposit in the Expense Fund are not equal to the amounts payable from the Expense Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Fiscal Agent shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within two Business Days to the Fiscal Agent of the amount of such deficiency.

Written notice of any insufficiency, which results in the Governmental Lender not receiving the Ongoing Governmental Lender Fee on the applicable due date, shall be provided by the Fiscal Agent to the Governmental Lender (with a copy to the Borrower and the Funding Lender) within 10 days of the respective due date.

Upon payment by the Borrower of such deficiency, the amounts for which such deficiency was requested shall be paid by the Fiscal Agent.

Notwithstanding anything herein to the contrary, the Fiscal Agent, on behalf of the Governmental Lender, shall prepare and submit a written invoice to the Borrower for payment of the Ongoing Governmental Lender Fee not later than 30 days prior to the due date for payment of such the Ongoing Governmental Lender Fee, and shall remit moneys received by the Borrower to the Governmental Lender for payment of such fee.

**Section 7.6. Closing Costs Fund.** On the Closing Date, the Borrower shall deposit or cause to be deposited with the Fiscal Agent, for deposit in the Closing Costs Fund, the amount of \$[Closing Costs Deposit]. Amounts in the Closing Costs Fund shall be disbursed by the Fiscal Agent to pay Closing Costs on the Closing Date or as soon as practicable thereafter as follows: moneys on deposit in the Closing Costs Fund shall be applied to pay Closing Costs at the written direction of the Authorized Borrower Representative, countersigned by the Funding Lender in the form attached hereto as EXHIBIT D. Any interest earnings on amounts on deposit in the Closing Costs Fund shall remain in the Fund. Any moneys remaining in the Closing Costs Fund (including investment proceeds) after the earlier of (i) the payment of all costs of issuance as certified in writing to the Fiscal Agent by the Borrower or (ii) a period of six (6) months after the Closing Date, shall be paid to or at the direction of the Borrower and the Closing Costs Fund shall be closed.

**Section 7.7. Project Fund.**

(a) All proceeds of the Funding Loan provided by the Funding Lender shall be deposited into the Note Proceeds Account; provided, however, that any proceeds of the Tax-Exempt Portion of the Funding Loan funded pursuant to the Contingency Draw-Down Agreement shall be deposited to the Remaining Funding Loan Proceeds Account of the Project Fund and disbursed as herein provided. On the Closing Date, the Borrower shall deposit or cause to be deposited with the Fiscal Agent, for deposit in the Equity Account of the Project Fund, the amount of \$[Equity Deposit]. Additional amounts provided by or on behalf of the Borrower to the Fiscal Agent for the payment of costs of the Project shall be deposited by the Fiscal Agent to the Equity Account of the Project Fund. The Fiscal Agent shall use moneys in the Project Fund for the construction and development of the Project, to pay other Qualified Project Costs and to pay other costs related to the Project as provided herein.

Not less than 95% of the moneys representing advances of the Tax-Exempt Portion of the Funding Loan deposited in and credited to the Note Proceeds Account and Remaining Funding Loan Proceeds Account of the Project Fund, and taking into account proceeds of the Funding Loan (if any) deposited in the Closing Costs Fund, representing the proceeds of the Tax-Exempt Portion of the Funding Loan, including investment income thereon, will be expended for Qualified Project Costs (the “**95% Requirement**”). The amounts representing advances of the Tax-Exempt Portion of the Funding Loan on deposit in the Note Proceeds Account and Remaining Funding Loan Proceeds Account of the Project Fund shall not be applied to the payment of Closing Costs.

Before any payment shall be made from the Project Fund, the Regulatory Agreement shall have been executed and submitted to a title company for recordation in the official records of the County of Santa Clara and there shall be filed with the Fiscal Agent a Written Requisition of the Borrower substantially in the form attached hereto as EXHIBIT C and approved by the Funding Lender pursuant to the terms, conditions and provisions of the Construction Funding Agreement, with a copy to the Governmental Lender. The Fiscal Agent shall be entitled to conclusively rely upon any Written Requisition in determining whether to disburse amounts from the Project Fund.

In connection with a Written Requisition:

(i) Only the signature of an authorized officer of the Funding Lender 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 Borrower Loan (Notice of which Default has been given in writing by an authorized officer of the Funding Lender to the Fiscal Agent and the Governmental Lender, and the Fiscal Agent shall be entitled to conclusively rely on any such Written Notice as to the occurrence and continuation of such a Default).



(ii) The Fiscal Agent shall disburse amounts in the Project Fund for the payment of interest due on the Governmental Lender Notes upon receipt from the Funding Lender of a statement detailing the amount due (and without any need for a Written Requisition signed by the Funding Lender or any approval by an Authorized Representative of the Borrower).

(iii) The Fiscal Agent may conclusively rely on all Written Requisitions, the execution of the Written Requisitions by the Authorized Borrower Representative and the approval of all Written Requisitions by the Funding Lender, as required by this Section, as conditions of payment from the Project Fund, which Written Requisitions constitute, as to the Fiscal Agent, irrevocable determinations that all conditions to payment of the specified amounts from the Project Fund have been satisfied. These documents shall be retained by the Fiscal Agent, subject at all reasonable times to examination by the Borrower, the Governmental Lender, the Funding Lender and the agents and representatives thereof upon reasonable notice to the Fiscal Agent. The Fiscal Agent is not required to inspect the Project or the construction work or to make any independent investigation with respect to the matters set forth in any Written Requisition or other statements, orders, certifications and approvals received by the Fiscal Agent. The Fiscal Agent is not required to obtain completion bonds, lien releases or otherwise supervise the acquisition, construction, renovation, equipping, improvement and installation of the Project.

(b) Upon receipt of each Written Requisition submitted by the Borrower and approved in writing by the Funding Lender, the Fiscal Agent shall promptly, but in any case within one Business Day, make payment from the appropriate account within the Project Fund in accordance with such Written Requisition. The Fiscal Agent shall have no duty to determine whether any requested disbursement from the Project Fund complies with the terms, conditions and provisions of the Funding Loan Documents or (in the case of such requested disbursements of amounts representing advances of the Tax-Exempt Portion of the Funding Loan) constitutes payment of Qualified Project Costs or complies with the 95% Requirement. The approval in writing of a Written Requisition by the Funding Lender shall be deemed a certification and, insofar as the Fiscal Agent and the Governmental Lender are concerned, shall constitute conclusive evidence that all of the terms, conditions and requirements of the Funding Loan Documents applicable to such disbursement have been fully satisfied or waived and the Written Requisition from the Borrower shall, insofar as the Fiscal Agent and the Governmental Lender are concerned, constitute conclusive evidence that the costs described in the Written Requisition constitute (i) in the case of a requested disbursements of amounts representing advances of the Tax-Exempt Portion of the Funding Loan, Qualified Project Costs or other permitted Project costs, and (ii) in the case of a requested disbursements of amounts representing advances of the Taxable Portion of the Funding Loan, permitted Project costs.

The Fiscal Agent shall provide Written Notice to the Borrower, the Funding Lender and the Governmental Lender if there are not sufficient funds available to or on deposit with the Fiscal Agent to make the transfers as and when required by this Section 7.7(b). Except as provided in the next sentence, all such payments shall be made by check or draft payable, or by wire transfer, either (i) directly to the person, firm or corporation to be paid, (ii) to the Borrower and such person, firm or corporation, or (iii) upon receipt by the Funding Lender and the Governmental Lender of evidence that the Borrower has previously paid such amount and Written Direction to the Fiscal Agent as to such as evidenced by the Funding Lender's approval of the Written Requisition, to the Borrower. Upon the occurrence of an Event of Default of the Borrower of which the Fiscal Agent has knowledge as provided herein, which is continuing under the Funding Loan Documents, with the Written Consent of the Funding Lender, the Fiscal Agent may apply amounts on deposit in the Project Fund to the payment of principal of and interest on the Funding Loan. If a Written Requisition signed by the Authorized Borrower Representative and countersigned by an authorized officer of the Funding Lender is received by the Fiscal Agent, the requested disbursement shall be paid by the Fiscal Agent as soon as practicable, but in no event later than three Business Days following

receipt thereof by the Fiscal Agent. Upon final disbursement of all amounts on deposit in the Project Fund, the Fiscal Agent shall close the Project Fund.

(c) Moneys deposited to the Negative Arbitrage Account of the Project Fund pursuant to the Contingency Draw-Down Agreement, together with investment earnings thereon, which shall be retained therein, shall be transferred to the Funding Loan Payment Fund and applied pursuant to Section 7.4 on each Borrower Loan Payment Date to the extent necessary to enable the Fiscal Agent to pay interest due on the Tax-Exempt Portion of the Funding Loan on such date. The transfer of moneys from the Negative Arbitrage Account of the Project Fund to the Funding Loan Payment Fund shall occur automatically without the need for a Written Requisition of the Borrower, or consent of the Funding Lender.

(d) Amounts on deposit in the Equity Account of the Project Fund shall be disbursed from time to time by the Fiscal Agent to pay designated amounts as set forth in and upon receipt of a Written Requisition of the Borrower substantially in the form attached hereto as EXHIBIT C signed by an Authorized Borrower Representative and the Funding Lender.

(e) Immediately prior to any mandatory prepayment of the Funding Loan pursuant to hereto, any amounts then remaining in the Project Fund shall, at the written direction of the Funding Lender, be transferred to the Funding Loan Payment Fund to be applied to the prepayment of the Funding Loan pursuant hereto.

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

**Section 7.8. Rebate Fund.** (a) The Fiscal Agent shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto.

(b) Within 15 days after each receipt or transfer of funds to the Rebate Fund, the Fiscal Agent shall withdraw from the Rebate Fund and pay to the United States of America the entire balance of the Rebate Fund.

(c) All payments to the United States of America pursuant to this Section shall be made by the Fiscal Agent for the account and in the name of the Governmental Lender and shall be paid through the United States mail (return receipt requested or overnight delivery), addressed to the appropriate Internal Revenue Service Center and accompanied by the appropriate Internal Revenue Service forms (such forms to be provided to the Fiscal Agent by the Borrower or the Rebate Analyst).

(d) The Fiscal Agent shall preserve all statements, forms and explanations received from the Borrower and delivered to the Fiscal Agent and all records of transactions in the Rebate Fund until six years after the retirement in full of the Governmental Lender Tax-Exempt Note.

(e) The Fiscal Agent may conclusively rely on the instructions of the Borrower (based upon the report of 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 Fiscal Agent 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 specific written instruction related thereto.



(f) If at any time during the term of this Funding Loan Agreement the Governmental Lender, the Fiscal Agent 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 Tax Counsel No Adverse Effect Opinion and an opinion of Tax Counsel that such action shall be in compliance with the laws of the State and the terms of this Funding Loan Agreement.

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

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

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

(j) The Fiscal Agent shall keep and make available to the Governmental Lender and the Borrower records concerning the investments of all funds held by the Fiscal Agent pursuant to the Funding Loan Agreement 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 Governmental Lender Tax-Exempt Note is 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 7.8 need not be made to the extent that neither the Governmental Lender nor the Borrower will thereby fail to comply with any requirements of section 148(f) of the Code based on a Tax Counsel No Adverse Effect Opinion, a copy of which shall be provided to the Fiscal Agent.

## ARTICLE VIII

### REPRESENTATIONS AND COVENANTS

**Section 8.1. Representations and Warranties of the Governmental Lender.** The Governmental Lender makes the following representations as of the Closing Date:

(a) The Governmental Lender is a municipal corporation and charter city organized and existing under its charter and laws of the State.

(b) Under the provisions of the Act, the Governmental Lender has the power, and has taken all official actions necessary (i) to enter into the Funding Loan Documents to which it is a party, (ii) to perform its obligations hereunder and thereunder, and (iii) to consummate all other transactions on its part contemplated by this Funding Loan Agreement.

(c) The Funding Loan Documents to which the Governmental Lender is a party have been duly executed and delivered by the Governmental Lender and the Governmental Lender has taken such actions as are necessary to cause the Funding Loan Documents to which it is a party, when executed by the other respective parties thereto, to be valid and binding limited obligations of the Governmental Lender, enforceable against the Governmental Lender in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally.

(d) To the knowledge of the Governmental Lender, the execution and delivery of Funding Loan Documents to which it is a party, the performance by the Governmental Lender of its obligations hereunder and thereunder and the consummation of the transactions on its part contemplated hereby and thereby, will not violate any law, rule, regulation or ordinance or any order, judgment or decree of any federal, state or local court, and do not conflict with, or constitute a breach of, or a default under the terms and conditions of any agreement, instrument or commitment to which the Governmental Lender is a party or by which the Governmental Lender or any of its property is bound.

(e) The Governmental Lender has not been served with any action, suit, proceeding, inquiry or investigation or, to the knowledge of the Governmental Lender, no action, suit, proceeding, inquiry or investigation is threatened against the Governmental Lender 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 Governmental Lender or the title to office of any members of the City Council of the Governmental Lender; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of the Funding Loan Documents to which the Governmental Lender is a party, or the loaning of the Funding Loan as herein set forth; (iii) affects or questions the validity or enforceability of the Funding Loan Documents; or (iv) questions the power or authority of the Governmental Lender to carry out the transactions on its part contemplated by the Funding Loan Documents.

(f) The revenues and receipts to be derived from the Borrower Loan Agreement and the Borrower Notes have not been pledged by the Governmental Lender to secure any of its notes or bonds other than the Governmental Lender Notes.

THE GOVERNMENTAL LENDER MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT AND DOES NOT REPRESENT OR WARRANT AS TO ANY

STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER OR THE FISCAL AGENT IN CONNECTION WITH THE FUNDING LOAN OR THE BORROWER LOAN, OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

**Section 8.2. No Encumbrance on Security.** The Governmental Lender will not knowingly create or knowingly permit the creation of any mortgage, pledge, lien, charge or encumbrance of any kind on the Security or any part thereof prior to or on a parity with the lien of this Funding Loan Agreement, except as expressly permitted or contemplated by the Funding Loan Documents.

**Section 8.3. Repayment of Funding Loan.** Subject to the provisions of Article III and V hereof, the Governmental Lender will duly and punctually repay, or cause to be repaid, the Funding Loan, as evidenced by the Governmental Lender Notes, as and when the same shall become due, all in accordance with the terms of the Governmental Lender Notes and this Funding Loan Agreement.

**Section 8.4. Servicer.** The Funding Lender may appoint a Servicer to service and administer the Funding Loan and/or the Borrower Loan on behalf of the Funding Lender, including without limitation the fulfillment of rights and responsibilities granted by Governmental Lender to Funding Lender pursuant to Section 2.1 of the Borrower Loan Agreement.

**Section 8.5. Borrower Loan Agreement Performance.**

(a) The Funding Lender and the Servicer, if any, on behalf of the Governmental Lender, may (but shall not be required or obligated) perform and observe any agreement or covenant of the Governmental Lender under the Borrower Loan Agreement, all to the end that the Governmental Lender's rights under the Borrower Loan Agreement may be unimpaired and free from default.

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

#### **Section 8.6. Maintenance of Records; Inspection of Records.**

(a) The Fiscal Agent shall keep and maintain adequate records pertaining to any funds and accounts established by the Fiscal Agent hereunder, including all deposits to and disbursements from said funds and accounts and shall keep and maintain the registration books for the Funding Loan and interests therein. The Fiscal Agent shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and premium paid on the Funding Loan, subject to the inspection of the Governmental Lender and the Funding Lender and their representatives at all reasonable times and upon reasonable prior notice.

(b) The Governmental Lender will at any and all times, upon the reasonable request of the Servicer, the Borrower or the Funding Lender, afford and procure a reasonable opportunity by their respective representatives to inspect the books, records, reports and other papers of the Governmental Lender relating to the Project and the Funding Loan, if any, and to make copies thereof.

**Section 8.7. Tax Covenants.** The Governmental Lender covenants to and for the benefit of the Funding Lender that, notwithstanding any other provisions of this Funding Loan Agreement or of any other instrument, it will:

(a) Require the Borrower to execute the Regulatory Agreements as a condition of funding the Borrower Loan;

(b) Not knowingly take or cause to be taken any action or actions, or knowingly fail to take any action or actions, which would cause the interest payable on the Tax-Exempt Governmental Lender Note to be includable in gross income for federal income tax purposes;

(c) Whenever and so often as requested by Funding Lender, the Governmental Lender (at the sole cost and expense of the Borrower) shall do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Governmental Lender on the Tax-Exempt Governmental Lender Note will be excluded from the gross income of the owner(s) of the Tax-Exempt Governmental Lender Note, for federal income tax purposes, pursuant to Section 103 of the Code, except in the event where any owner of the Tax-Exempt Governmental Lender Note or a portion thereof is a “substantial user” of the facilities financed with the Funding Loan or a “related person” within the meaning of Section 147(a) of the Code;

(d) Not knowingly take any action nor, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreements and in the Tax Certificate, knowingly permit or suffer any action to be taken if the result of the same would be to cause the Tax-Exempt Governmental Lender Note to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the Regulations; and

(e) Require the Borrower to agree, solely by causing the Borrower to execute and deliver the Borrower Loan Agreement, not to commit any act and not to make any use of the proceeds of the Funding Loan financed with the proceeds of the Tax-Exempt Governmental Lender Note, or any other moneys which may be deemed to be proceeds of the Funding Loan financed with the proceeds of the Tax-Exempt Governmental Lender Note, which would cause the Tax-Exempt Governmental Lender Note to be an “arbitrage bond” within the meaning of Sections 103(b) and 148 the Code, and to comply with the requirements of the Code throughout the term of the Funding Loan financed with the proceeds of the Tax-Exempt Governmental Lender Note; and

(f) Require the Borrower, solely by causing the Borrower to execute and deliver the Borrower Loan Agreement, to take all steps necessary to compute and pay any rebatable arbitrage in accordance with Section 148(f) of the Code.

In furtherance of the covenants in this Section 8.7, the Governmental Lender and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which are by this reference incorporated into this Funding Loan Agreement and made a part of this Funding Loan Agreement as if set forth in this Funding Loan Agreement in full. In the event of any conflict between this Funding Loan Agreement and the Tax Certificate, the requirements of the Tax Certificate shall control.

**Section 8.8. Performance by the Borrower.** Without relieving the Governmental Lender from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, the Borrower, on behalf of the Governmental Lender, may perform any such agreement or covenant if no Borrower Loan Agreement Default or Potential Default under the Borrower Loan Agreement exists.

**Section 8.9. [Reserved]**

**Section 8.10. Consent to Assignment.** The Governmental Lender has assigned to the Funding Lender under and pursuant to this Funding Loan Agreement all its interest in the Borrower Notes, the Borrower Loan Agreement and the Borrower Loan Documents (except for certain rights as described therein) upon the terms provided therein. The Funding Lender hereby consents to all such assignments.

**Section 8.11. Filing of Tax Returns.** The Governmental Lender shall, solely by the execution of the Borrower Loan Agreement and the assignment thereof to the Funding Lender, and subject to the provisions of Sections 5.1, 5.2 and 8.14 hereof, cause the Borrower to file, or caused to be filed all federal, state and local tax returns or information returns which are required to be filed with respect to the Project and of which the Governmental Lender has knowledge.

**Section 8.12. No Reliance on Governmental Lender.** In entering into this Funding Loan Agreement and the other Funding Loan Documents to which it is a party, the Funding Lender has not looked to, or expected, the Governmental Lender to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the financing or management thereof) or any other matter pertaining to the merits or risks of the transactions contemplated by the Funding Loan Documents, or the adequacy of the funds pledged to secure repayment thereunder. The Governmental Lender has made no representations to any party relating to the Borrower, the Project, the Borrower Loan or the security or sources of payment therefor, except as expressly stated in this herein and the other Funding Loan Documents to which it is a party.

**Section 8.13. [Reserved.]**

**Section 8.14. Immunities and Limitations of Responsibility of Governmental Lender.** The Governmental Lender shall be entitled to the advice of counsel, and the Governmental Lender shall be wholly protected as to action taken or omitted in reliance on such advice. The Governmental Lender may rely conclusively on any communication or other document furnished to it hereunder or under the Borrower Loan Agreement and reasonably believed by it to be genuine. The Governmental Lender shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person, except its own officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Governmental Lender shall not be required to take any remedial action (other than the giving of notice) unless indemnity in a form acceptable to the Governmental Lender is furnished for any expense or liability

to be incurred in connection with such remedial action. The Governmental Lender shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the rate of interest on the Borrower Loan, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the Governmental Lender may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

A default by the Borrower in any of its covenants, representations and agreements in the Borrower Loan Agreement or the Regulatory Agreement on which the Governmental Lender is relying in this Funding Loan Agreement shall not be considered a default hereunder by the Governmental Lender.

The Borrower has indemnified the Governmental Lender against certain acts and events as set forth in Section 5.15 of the Borrower Loan Agreement and Section 9 of the Regulatory Agreement. Such indemnities shall survive payment of the Funding Loan and discharge of this Funding Loan Agreement.

## **ARTICLE IX**

### **DEFAULT; REMEDIES**

**Section 9.1. Events of Default.** Any one or more of the following shall constitute an event of default (an “**Event of Default**”) under this Funding Loan Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(a) A default in the payment of any interest on the Governmental Lender Notes when such interest becomes due and payable; or

(b) A default in the payment of principal of, or premium on, the Governmental Lender Notes when such principal or premium becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for mandatory prepayment or otherwise; or

(c) Subject to Section 8.8 hereof, default in the performance or breach of any material covenant or warranty of the Governmental Lender in this Funding Loan Agreement (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after there has been given written notice, as provided in Section 11.3 hereof, to the Governmental Lender and the Borrower (with a copy to the Equity Investor) by the Funding Lender or the Servicer, specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” under this Funding Loan Agreement; provided that, so long as the Governmental Lender 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 Governmental Lender is diligently pursuing such cure to the Funding Lender’s satisfaction, with the Funding Lender’s Written Direction or Written Consent, then the Governmental Lender shall have an additional period of time as reasonably necessary (not to exceed 30 days unless extended in writing by the Funding Lender) within which to cure such default; or

(d) A default in the payment of any Additional Borrower Payments; or

(e) Any other “Default” or “Event of Default” under any of the other Funding Loan Documents (taking into account any applicable grace periods therein).

#### **Section 9.2. Acceleration of Maturity; Rescission and Annulment.**

(a) Subject to the provisions of Section 9.9 hereof, upon the occurrence of an Event of Default under Section 9.1 hereof, then and in every such case, the Funding Lender may declare the principal of the Funding Loan and the Governmental Lender Notes and the interest accrued to be immediately due and payable, by notice to the Governmental Lender and the Borrower and upon any such declaration, all principal of and Prepayment Premium, if any, and interest on the Funding Loan and the Governmental Lender Notes shall become immediately due and payable.

(b) At any time after a declaration of acceleration has been made pursuant to subsection (a) of this Section, the Funding Lender may by Written Notice to the Governmental Lender, rescind and annul such declaration and its consequences if:



(i) There has been deposited with the Funding Lender a sum sufficient to pay (1) all overdue installments of interest on the Funding Loan, (2) the principal of and Prepayment Premium on the Funding Loan that has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Funding Loan, (3) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Funding Loan, and (4) all sums paid or advanced by the Funding Lender and the reasonable compensation, expenses, disbursements and advances of the Funding Lender, its agents and counsel (but only to the extent not duplicative with subclauses (1) and (3) above); and

(ii) All Events of Default, other than the non payment of the principal of the Funding Loan which has become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 9.9 hereof.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(c) Notwithstanding the occurrence and continuation of an Event of Default, it is understood that the Funding Lender shall pursue no remedies against the Borrower or the Project if no Borrower Loan Agreement Default has occurred and is continuing. An Event of Default hereunder shall not in and of itself constitute a Borrower Loan Agreement Default.

### **Section 9.3. Additional Remedies; Funding Lender Enforcement.**

(a) Upon the occurrence of an Event of Default, the Funding Lender may, subject to the provisions of this Section 9.3 and Section 9.9 hereof, proceed to protect and enforce its rights by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Funding Loan Agreement upon or remedy reserved to the Funding Lender is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Funding Lender hereunder or now or hereafter existing at law or in equity or by statute.

(b) Upon the occurrence and continuation of any Event of Default, the Funding Lender may proceed forthwith to protect and enforce its rights and this Funding Loan Agreement by such suits, actions or proceedings as the Funding Lender, in its sole discretion, shall deem expedient. Funding Lender shall have upon the occurrence and continuation of any Event of Default all rights, powers, and remedies with respect to the Security as are available under the UCC applicable thereto or as are available under any other applicable law at the time in effect and, without limiting the generality of the foregoing, the Funding Lender may proceed at law or in equity or otherwise, to the extent permitted by applicable law:

(i) to take possession of the Security or any part thereof, with or without legal process, and to hold, service, administer and enforce any rights thereunder or thereto, and otherwise exercise all rights of ownership thereof, including (but not limited to) the sale of all or part of the Security;

(ii) to become mortgagee of record for the Borrower Loan including, without limitation, completing the assignment of the Security Instrument by the Governmental Lender to the Funding Lender as anticipated by this Funding Loan Agreement, and recording the same in the real estate records of the jurisdiction in which the Project is located, without further act or consent of the Governmental Lender, and to service and administer the same for its own account;

(iii) to service and administer the Funding Loan as agent and on behalf of the Governmental Lender or otherwise, and, if applicable, to take such actions necessary to enforce the

Borrower Loan Documents and the Funding Loan Documents on its own behalf, and to take such alternative courses of action, as it may deem appropriate; or

(iv) to take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Governmental Lender Notes, this Funding Loan Agreement or the other Funding Loan Documents, or the Borrower Loan Documents, or in and of the execution of any power herein granted, or for foreclosure hereunder, or for enforcement of any other appropriate legal or equitable remedy or otherwise as the Funding Lender may elect.

(c) Whether or not an Event of Default has occurred, the Funding Lender, in its sole discretion, shall have the sole right to waive or forbear any term, condition, covenant or agreement of the Security Instrument, the Borrower Loan Agreement, the Borrower Notes or any other Borrower Loan Documents or Funding Loan Documents applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax-exempt status of the interest on the Governmental Lender Tax-Exempt Note, and provided that the Governmental Lender may enforce specific performance with respect to the Unassigned Rights; provided, however, that any such forbearance by the Funding Lender in the exercise of its remedies under the Funding Loan Documents shall not be construed as a waiver by the Funding Lender of any Conditions to Conversion.

(d) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of 60 days after the Borrower, the Equity Investor and the Funding Lender receive Written Notice stating that a default under the Regulatory Agreement has occurred and specifying the nature of the default, the Funding Lender shall have the right to seek specific performance of the provisions of the Regulatory Agreement or to exercise its other rights or remedies thereunder.

(e) If the Borrower defaults in the performance of its obligations under the Borrower Loan Agreement to make rebate payments, to comply with any applicable continuing disclosure requirements, or to make payments owed pursuant to Sections 2.5, 5.14 or 5.15 of the Borrower Loan Agreement (subject to the applicable notice and cure periods) for fees, expenses or indemnification, the Funding Lender shall have the right to exercise all its rights and remedies thereunder.

**Section 9.4. Application of Money Collected.** Any money collected by the Funding Lender pursuant to this Article and any other sums then held by the Funding Lender as part of the Security, shall be applied in the following order, at the date or dates fixed by the Funding Lender:

(a) First: To the payment of any and all amounts due under the Funding Loan Documents other than with respect to principal and interest accrued on the Funding Loan, including, without limitation, any amounts due to the Fiscal Agent, the Governmental Lender, the Funding Lender, the Servicer and the Rebate Analyst;

(b) Second: To the payment of the whole amount of the Funding Loan, as evidenced by the Governmental Lender Notes, then due and unpaid in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Funding Loan) on overdue principal of, and Prepayment Premium and overdue installments of interest on the Funding Loan; provided, however, that partial interests in any portion of the Funding Loan shall be paid in such order of priority as may be prescribed by Written Direction of the Funding Lender in its sole and absolute discretion; and

(c) Third: The payment of the remainder, if any, to the Borrower or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

If and to the extent this Section 9.4 conflicts with the provisions of the Servicing Agreement, the provisions of the Servicing Agreement shall control. Capitalized terms used in this Section 9.4 but not otherwise defined in this Funding Loan Agreement shall have the meanings given such terms in the Servicing Agreement.

**Section 9.5. Remedies Vested in Funding Lender.** All rights of action and claims under this Funding Loan Agreement or the Governmental Lender Notes may be prosecuted and enforced by the Funding Lender without the possession of the Governmental Lender Notes or the production thereof in any proceeding relating thereto.

**Section 9.6. Restoration of Positions.** If Funding Lender shall have instituted any proceeding to enforce any right or remedy under this Funding Loan Agreement and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Funding Lender, then and in every such case the Governmental Lender and the Funding Lender shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Governmental Lender and the Funding Lender shall continue as though no such proceeding had been instituted.

**Section 9.7. Rights and Remedies Cumulative.** No right or remedy herein conferred upon or reserved to the Funding Lender is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

**Section 9.8. Delay or Omission Not Waiver.** No delay or omission of the Funding Lender to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Funding Lender may be exercised from time to time, and as often as may be deemed expedient, by Funding Lender. No waiver of any default or Event of Default pursuant to Section 9.9 hereof shall extend to or shall affect any subsequent default or Event of Default hereunder or shall impair any rights or remedies consequent thereon.

**Section 9.9. Waiver of Past Defaults.** Before any judgment or decree for payment of money due has been obtained by the Funding Lender, the Funding Lender may, subject to Section 9.6 hereof, by Written Notice to the Governmental Lender and the Borrower, waive any past default hereunder or under the Borrower Loan Agreement and its consequences except for default in obligations due the Governmental Lender pursuant to or under the Unassigned Rights. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Funding Loan Agreement and the Borrower Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

**Section 9.10. Remedies Under Borrower Loan Agreement or Borrower Notes.** As set forth in this Section 9.10 but subject to Section 9.9 hereof, the Funding Lender shall have the right, in its own name or on behalf of the Governmental Lender, to declare any default and exercise any remedies under the Borrower Loan Agreement or the Borrower Notes, whether or not the Governmental Lender Notes have been accelerated or declared due and payable by reason of an Event of Default.

### **Section 9.11. Waiver of Appraisalment and Other Laws.**

(a) To the extent permitted by law, the Governmental Lender will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisalment, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement; and the Governmental Lender, for itself and all who may claim under it, so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws. The Governmental Lender, for itself and all who may claim under it, waives, to the extent that it may lawfully do so, all right to have the property in the Security marshaled upon any enforcement hereof.

(b) If any law now in effect prohibiting the waiver referred to in Section 9.11(a) shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section 9.11.

**Section 9.12. Suits to Protect the Security.** The Funding Lender shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Security by any acts that may be unlawful or in violation of this Funding Loan Agreement and to protect its interests in the Security and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Funding Lender.

**Section 9.13. Remedies Subject to Applicable Law.** All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Funding Loan Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

**Section 9.14. Assumption of Obligations.** In the event that the Funding Lender or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under the Borrower Loan Agreement, the Borrower Notes, the Regulatory Agreement and any other Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default hereunder, rights and remedies may be pursued pursuant to the terms of the Funding Loan Documents.

## ARTICLE X

### AMENDMENT; AMENDMENT OF BORROWER LOAN AGREEMENT AND OTHER DOCUMENTS

**Section 10.1. Amendment of Funding Loan Agreement.** Any of the terms of this Funding Loan Agreement and the Governmental Lender Notes may be amended or waived only by an instrument signed by the Funding Lender, the Fiscal Agent and the Governmental Lender; provided, however, no such amendment which materially affects the rights, duties, obligations or other interests of the Borrower shall be made without the consent of the Borrower and, provided further, that if the Borrower is in default under any Funding Loan Document, no Borrower consent shall be required unless such amendment has a material adverse effect on the rights, duties, obligations or other interests of the Borrower. All of the terms of this Funding Loan Agreement shall be binding upon the successors and assigns of and all persons claiming under or through the Governmental Lender or any such successor or assign, and shall inure to the benefit of and be enforceable by the successors and assigns of the Funding Lender.

**Section 10.2. Amendments Require Funding Lender Consent.** The Governmental Lender shall not consent to any amendment, change or modification of the Borrower Loan Agreement or any other Borrower Loan Document or Funding Loan Document without the prior Written Consent of the Funding Lender.

**Section 10.3. Consents and Opinions.** No amendment to this Funding Loan Agreement or any other Funding Loan Document entered into under this Article X or any amendment, change or modification otherwise permitted under this Article X shall become effective unless and until (i) the Funding Lender shall have approved the same in writing in its sole discretion and (ii) if requested by the Funding Lender, the Funding Lender shall have received, at the expense of the Borrower, a Tax Counsel No Adverse Effect Opinion and an Opinion of Counsel to the effect that any such proposed amendment is authorized and complies with the provisions of this Funding Loan Agreement and is a legal, valid and binding obligation of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations.

## ARTICLE XI

### THE FISCAL AGENT

**Section 11.1. Appointment of Fiscal Agent; Acceptance.** The Governmental Lender hereby appoints U.S. Bank Trust Company, National Association as Fiscal Agent hereunder. The Fiscal Agent shall signify its acceptance of the duties and obligations imposed upon it by this Funding Loan Agreement by executing this Funding Loan Agreement.

**Section 11.2. Certain Duties and Responsibilities of Fiscal Agent.**

(a) The Fiscal Agent undertakes to perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement, and no implied covenants or obligations shall be read into this Funding Loan Agreement against the Fiscal Agent.

(b) If an Event of Default exists hereunder or under any Borrower Loan Document, the Fiscal Agent shall exercise such of the rights and powers vested in it by this Funding Loan Agreement, and subject to Section 11.2(c)(iii) hereof, use the same degree of care and skill in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of corporate trust business.

(c) No provision of this Funding Loan Agreement shall be construed to relieve the Fiscal Agent from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, in each case, as finally adjudicated by a court of law, except that:

(i) This subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) The Fiscal Agent shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts;

(iii) The Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Funding Lender relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent, or exercising any right or power conferred upon the Fiscal Agent under this Funding Loan Agreement; and

(iv) No provision of this Funding Loan Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

Subject to its rights to indemnification pursuant to Section 11.4 hereof, the Fiscal Agent is directed to enter into the Borrower Loan Documents to which it is a party and other related documents, solely in its capacity as Fiscal Agent.

(d) Whether or not therein expressly so provided, every provision of this Funding Loan Agreement and the other Funding Loan Documents relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent shall be subject to the provisions of this Section.

(e) The Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and



conforming to the requirements of this Funding Loan Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Funding Loan Agreement.

(f) The permissive rights of the Fiscal Agent to do things enumerated in this Funding Loan Agreement shall not be construed as a duty.

**Section 11.3. Notice of Defaults.** Upon the occurrence of any default hereunder or under any Borrower Loan Document and provided that a Responsible Officer of the Fiscal Agent is aware of or has received Written Notice of the existence of such default, promptly, and in any event within 15 days, the Fiscal Agent shall transmit to the Governmental Lender, the Borrower, the Equity Investor, the Servicer, if any, and the Funding Lender, in the manner and at the addresses for notices set forth in Section 12.1 hereof, notice of such default hereunder known to the Fiscal Agent pursuant to Section 11.4(g) hereof, unless such default shall have been cured or waived.

**Section 11.4. Certain Rights of Fiscal Agent.** Except as otherwise provided in Section 11.1 hereof:

(a) The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) Any request or direction of the Governmental Lender mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Governmental Lender Representative;

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

(d) The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Funding Loan Agreement or any Borrower Loan Document at the request or direction of the Funding Lender, pursuant to this Funding Loan Agreement, unless the Funding Lender shall have offered to the Fiscal Agent in writing security or indemnity reasonably satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, except costs, expenses and liabilities which are adjudicated to have resulted from its own negligence or willful misconduct, provided, that nothing contained in this subparagraph (d) shall be construed to require such security or indemnity for the performance by the Fiscal Agent of its obligations under Article VIII hereof;

(e) The Fiscal Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document but the Fiscal Agent, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Fiscal Agent shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Governmental Lender, if any, and of the Borrower, in either case personally or by agent or attorney after reasonable notice and during normal business hours;



(f) The Fiscal Agent may execute any of the duties or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and pay reasonable compensation thereto and the Fiscal Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder. The Fiscal Agent may act upon the advice of counsel of its choice concerning all matters hereof and the Fiscal Agent shall not be responsible for any loss or damage resulting from any action or inaction taken in good faith reliance upon said advice; and

(g) The Fiscal Agent shall not be required to take notice or be deemed to have notice of any default hereunder or under any Borrower Loan Document except for failure by the Borrower to make payments of principal, interest, premium, if any, or Ongoing Governmental Lender Fee when due, unless a Responsible Officer of the Fiscal Agent shall be specifically notified by a Written Direction of such default by the Governmental Lender, the Servicer or the Funding Lender, and all notices or other instruments required by this Funding Loan Agreement or under any Borrower Loan Document to be delivered to the Fiscal Agent, must, in order to be effective, be delivered in writing to a Responsible Officer of the Fiscal Agent at the Office of the Fiscal Agent, and in the absence of such Written Notice so delivered the Fiscal Agent may conclusively assume there is no default as aforesaid.

**Section 11.5. Not Responsible for Recitals.** The recitals contained herein and in the Governmental Lender Notes shall be taken as the statements of the Governmental Lender, and the Fiscal Agent assumes no responsibility for their correctness. The Fiscal Agent makes no representations as to the value or condition of the Pledged Revenues, the Security or any part thereof, or as to the title of the Governmental Lender thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Funding Loan Agreement or of the Funding Loan.

The Fiscal Agent shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the funding of the Funding Loan.

The Fiscal Agent shall not be required to monitor the financial condition of the Borrower or the physical condition of the Project. Unless otherwise expressly provided, the Fiscal Agent shall be under no obligation to analyze, review or make any credit decisions with respect to any financial statements, reports, notices, certificates or documents received hereunder but shall hold such financial statements reports, notices, certificates and documents solely for the benefit of, and review by, the Funding Lender and such other parties to whom the Fiscal Agent may provide such information pursuant to this Funding Loan Agreement.

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

**Section 11.6. May Hold Funding Loan.** The Fiscal Agent in its individual or any other capacity may become the owner or pledgee of the Funding Loan and may otherwise deal with the Governmental Lender, the Funding Lender and the Borrower with the same rights it would have if it were not Fiscal Agent.

**Section 11.7. Moneys Held by the Fiscal Agent.** Moneys held by the Fiscal Agent hereunder need not be segregated from other funds except to the extent required by law. The Fiscal Agent shall be under no liability for interest on any moneys received by it hereunder except as otherwise provided herein.

The Governmental Lender and the Borrower each acknowledge that to the extent regulations of the Office of the Comptroller of the Currency or other applicable regulatory entity grant the Governmental Lender or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Governmental Lender and the Borrower specifically waive receipt of such confirmations to the extent

permitted by law. The Fiscal Agent will furnish to the Governmental Lender and the Borrower periodic cash transaction statements that shall include detail for all investment transactions made by the Fiscal Agent hereunder.

**Section 11.8. Compensation and Reimbursement.** Under the Borrower Loan Agreement, the Borrower has agreed to, except as otherwise expressly provided herein, reimburse the Fiscal Agent as provided in this Funding Loan Agreement or the Borrower Loan Agreement, upon its request for all reasonable expenses, disbursements and advances incurred or made by the Fiscal Agent in accordance with any provision of this Funding Loan Agreement (including the reasonable fees, expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Fiscal Agent's negligence or willful misconduct, both as finally adjudicated by a court of law.

When the Fiscal Agent incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally.

- (a) The Governmental Lender has no obligation to pay the Fiscal Agent for services rendered.
- (b) As security for the performance of the obligations of the Borrower under this Section and for the payment of such compensation, expenses, reimbursements and indemnity, the Fiscal Agent shall have the right to use and apply any moneys held by it as Pledged Revenues.
- (c) The Fiscal Agent's rights to compensation and reimbursement shall survive its resignation or removal, the payment of the Funding Loan or the Borrower Loan or the release of this Funding Loan Agreement.

**Section 11.9. Fiscal Agent Required; Eligibility.** Any successor Fiscal Agent shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State approved in writing by the Governmental Lender and either (a) have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, (b) be a wholly owned subsidiary of a bank holding company, or a wholly owned subsidiary of a company that is a wholly owned subsidiary of a bank holding company, having a combined capital 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) be otherwise acceptable to the Funding Lender in its sole and absolute discretion.

**Section 11.10. Resignation and Removal; Appointment of Successor.**

- (a) No resignation or removal of the Fiscal Agent hereunder and no appointment of a successor Fiscal Agent pursuant to this Article shall become effective until the written acceptance by the successor Fiscal Agent of such appointment.
- (b) The Fiscal Agent may resign at any time by giving 60 days' Written Notice thereof to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender. If an instrument of acceptance by a successor Fiscal Agent shall not have been delivered to the Fiscal Agent within 30 days after the giving of such notice of resignation, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(c) The Fiscal Agent may be removed at any time with 30 days' notice by (i) the Governmental Lender, with the Written Consent of the Funding Lender (which consent of the Funding Lender shall not be unreasonably delayed or withheld), (ii) the Borrower (unless the Borrower is in default under any of the Borrower Loan Documents), subject to applicable notice and cure periods, with the Written Consent of the Funding Lender and the Governmental Lender, or (iii) the Funding Lender with the Written Consent of the Governmental Lender and Written Notice delivered to the Fiscal Agent and the Borrower.

(d) If the Fiscal Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the Office of the Fiscal Agent for any cause, the Governmental Lender shall promptly appoint a successor Fiscal Agent, with the consent of the Funding Lender. In case all or substantially all of the Pledged Revenues and Security shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Fiscal Agent shall be so appointed by the Governmental Lender. If, within 60 days after such resignation, removal or incapability or the occurrence of such vacancy, the Governmental Lender has failed to so appoint a successor Fiscal Agent, then a successor Fiscal Agent shall be appointed by the Funding Lender (from any of the institutions approved by the Governmental Lender to serve as a fiscal agent) with Written Notice thereof delivered to the Governmental Lender, the Borrower, the Servicer, if any, and the retiring Fiscal Agent, and the successor Fiscal Agent so appointed shall, forthwith upon its acceptance of such appointment, become the successor Fiscal Agent and supersede the successor Fiscal Agent appointed by such receiver or Fiscal Agent. If no successor Fiscal Agent shall have been appointed by the Governmental Lender or the Funding Lender and accepted appointment in the manner hereinafter provided, the Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(e) The retiring Fiscal Agent shall cause Written Notice of each resignation and each removal of the Fiscal Agent and each appointment of a successor Fiscal Agent to be provided to the Funding Lender. Each notice shall include the name of the successor Fiscal Agent and the address of the office of the successor Fiscal Agent.

#### **Section 11.11. Acceptance of Appointment by Successor.**

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

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

**Section 11.12. Merger, Conversion, Consolidation or Succession to Business.** Any corporation into which the Fiscal Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Fiscal

Agent, shall be the successor of the Fiscal Agent hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notwithstanding the foregoing, any such successor Fiscal Agent shall cause Written Notice of such succession to be delivered to the Funding Lender within 30 days of such succession.

**Section 11.13. Appointment of Co-Fiscal Agent.** It is recognized that in case of litigation under this Funding Loan Agreement, the Borrower Loan Agreement, any other Borrower Loan Document or the Regulatory Agreement, and in particular in case of the enforcement of any of them on default, or in case the Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Fiscal Agent or hold title to the properties, in trust, as herein provided, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Fiscal Agent appoint an additional individual or institution as a separate or co-fiscal agent. The following provisions of this Section are adopted to these ends.

The Fiscal Agent is hereby authorized to appoint an additional individual or institution as a separate or co-fiscal agent hereunder, upon Written Notice to the Governmental Lender, the Funding Lender and the Borrower, and with the consent of the Governmental Lender and the Funding Lender, but without the necessity of further authorization or consent, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Funding Loan Agreement, any Borrower Loan Document, the Regulatory Agreement or the Borrower Loan Agreement to be exercised by or vested in or conveyed to the Fiscal Agent with respect thereto shall be exercisable by and vest in such separate or co-fiscal agent but only to the extent necessary to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-fiscal agent shall run to and be enforceable by either of them.

Should any instrument in writing from the Governmental Lender be required by the separate fiscal agent or co-fiscal agent appointed by the Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, duties and obligations, any and all such instruments in writing shall, on request of the Fiscal Agent, be executed, acknowledged and delivered by the Governmental Lender. In case any separate fiscal agent or co-fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, duties and obligations of such separate fiscal agent or co-fiscal agent, so far as permitted by law, shall vest in and be exercised by the Fiscal Agent until the appointment of a successor to such separate fiscal agent or co-fiscal agent.

**Section 11.14. Loan Servicing.** The Governmental Lender and the Fiscal Agent acknowledge that the Funding Lender shall have the right to appoint a Servicer to service and administer the Funding Loan and the Borrower Loan as set forth in a Servicing Agreement. The Governmental Lender and the Fiscal Agent shall not be responsible for monitoring the performance of any Servicer or for any acts or omissions of such Servicer. The Funding Lender may, in its sole discretion, terminate or replace the Servicer.

**Section 11.15. No Recourse Against Officers or Employees of Fiscal Agent.** No recourse with respect to any claim related to any obligation, duty or agreement contained in this Funding Loan Agreement or any other Funding Loan Document shall be had against any officer or employee, as such, of the Fiscal Agent, it being expressly understood that the obligations, duties and agreements of the Fiscal Agent contained in this Funding Loan Agreement and the other Funding Loan Documents are solely corporate in nature.

**ARTICLE XII**  
**MISCELLANEOUS**

**Section 12.1. Notices.**

(a) All notices, demands, requests and other communications required or permitted to be given by any provision of this Funding Loan Agreement shall be in writing and sent by first class, regular, registered or certified mail, commercial delivery service, overnight courier, telegraph, telex, telecopier or facsimile transmission, air or other courier, or hand delivery to the party to be notified addressed as follows:

If to the Governmental Lender:	City of 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 (which copy shall not constitute notice to the Governmental Lender):	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
And a copy to (which copy shall not constitute notice to the Governmental Lender):	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
If to the Borrower:	Alum Rock, L.P. c/o Charities Housing Development Corporation 1400 Parkmoor Avenue, Suite 190 San José, CA 95126 Attention: Mark Mikl, Executive Director Telephone: (408) 550-8338
With a copy to:	Gubb & Barshay LLP 235 Montgomery Street, Suite 1110 San Francisco, CA 94104 Attention: Lauren Fechter, Esq. Fax: (415) 781-6967
If to the Fiscal Agent:	U.S. Bank Trust Company, National Association One California Street, Suite 1000 Mail Code: SF-CA-SFCT San Francisco, California 94111 Attention: Global Corporate Trust

If to the Funding Lender:

Citibank, N.A.  
388 Greenwich Street, Trading 4<sup>th</sup> Floor  
New York, New York 10013  
Attention: Transaction and Asset Management Group  
Re: 1860 Alum Rock Apartments; Deal ID# 50008254  
Facsimile: (212) 723-8209

and

Citibank, N.A.  
325 East Hillcrest Drive, Suite 160  
Thousand Oaks, California 91360  
Attention: Operations Manager/Asset Management  
Re: 1860 Alum Rock Apartments; Deal ID# 50008254  
Facsimile: (805) 557-0924

and

Prior to the Conversion Date:

Citibank, N.A.  
388 Greenwich Street, Trading 4th Floor  
New York, New York 10013  
Attention: Account Specialist  
Re: 1860 Alum Rock Apartments; Deal ID# 50008254  
Facsimile: (212) 723-8209

Following the Conversion Date:

Citibank, N.A.  
c/o Berkadia Commercial Servicing Department  
323 Norristown Road, Suite 300  
Ambler, Pennsylvania 19002  
Attention: Client Relations Manager  
Re: 1860 Alum Rock Apartments; Deal ID# 50008254  
Facsimile: (215) 328-0305

And a copy of any notices of default:

Citibank, N.A.  
388 Greenwich Street, 17<sup>th</sup> Floor  
New York, New York 10013  
Attention: General Counsel's Office  
Re: 1860 Alum Rock Apartments; Deal ID# 50008254  
Facsimile: (646) 291-5754

If to the Equity Investor:

Hudson Alum Rock LP  
Hudson SLP LLC  
c/o Hudson Housing Capital LLC  
630 Fifth Avenue, 28th Floor  
New York, New York 10111  
Attention: General Counsel  
Telephone: (949) 339-9585



With a copy to:

Holland & Knight LLP  
10 St. James Avenue, 12th Floor  
Boston, MA 02116  
Attention: Dayna M. Hutchins, Esq.  
Facsimile: (617) 523-6850

Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes under this Funding Loan Agreement: (i) three Business Days after the same is deposited in any official depository or receptacle of the United States Postal Service first class, or, if applicable, certified mail, return receipt requested, postage prepaid; (ii) on the date of transmission when delivered by telecopier or facsimile transmission, telex, telegraph or other telecommunication device, provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day; (iii) on the next Business Day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery; and (iv) on the date of actual delivery to such party by any other means; provided, however, if the day such notice, demand, request or communication shall be deemed to have been given and received as aforesaid is not a Business Day, such notice, demand, request or communication shall be deemed to have been given and received on the next Business Day. Any facsimile signature by a Person on a document, notice, demand, request or communication required or permitted by this Funding Loan Agreement shall constitute a legal, valid and binding execution thereof by such Person.

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

**Section 12.2. Term of Funding Loan Agreement.** This Funding Loan Agreement shall be in full force and effect until all payment obligations of the Governmental Lender hereunder have been paid in full and the Funding Loan has been retired or the payment thereof has been provided for; except that on and after payment in full of the Governmental Lender Notes, this Funding Loan Agreement shall be terminated, without further action by the parties hereto.

**Section 12.3. Successors and Assigns.** All covenants and agreements in this Funding Loan Agreement by the Governmental Lender shall bind its successors and assigns, whether so expressed or not.

**Section 12.4. Legal Holidays.** In any case in which the date of payment of any amount due hereunder or the date on which any other act is to be performed pursuant to this Funding Loan Agreement shall be a day that is not a Business Day, then payment of such amount or such act need not be made on such date but may be made on the next succeeding Business Day, and such later payment or such act shall have the same force and effect as if made on the date of payment or the date fixed for prepayment or the date fixed for such act, and no additional interest shall accrue for the period from and after such date and prior to the date of payment.

**Section 12.5. Governing Law.** This Funding Loan Agreement shall be governed by and shall be enforceable in accordance with the laws of the State, and any legal action brought hereunder must be instituted in a court located within the County of Santa Clara, California.

**Section 12.6. Severability.** If any provision of this Funding Loan Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any



way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Governmental Lender Notes or in this Funding Loan Agreement shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Governmental Lender or the Funding Lender only to the full extent permitted by law.

**Section 12.7. Execution in Several Counterparts.** This Funding Loan Agreement may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

**Section 12.8. Nonrecourse Obligation of the Borrower.** Except as otherwise provided in the Borrower Loan Agreement and Borrower Notes, any obligations of the Borrower under this Funding Loan Agreement are without recourse to the Borrower or to the Borrower's partners or members, as the case may be, and the provisions of Article XI of the Borrower Loan Agreement are by this reference incorporated herein.

**Section 12.9. Waiver of Trial by Jury.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER, THE FISCAL AGENT AND THE BENEFICIARY PARTIES OTHER THAN THE GOVERNMENTAL LENDER (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS FUNDING LOAN AGREEMENT 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 OTHER THAN THE GOVERNMENTAL LENDER, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

IF FOR ANY REASON THIS WAIVER IS DETERMINED TO BE UNENFORCEABLE, ALL DISPUTES WILL BE RESOLVED BY JUDICIAL REFERENCE PURSUANT TO THE PROCEDURES SET FORTH IN THE SECURITY INSTRUMENT. FOR AVOIDANCE OF DOUBT, THIS PARAGRAPH SHALL NOT APPLY TO THE GOVERNMENTAL LENDER.

**Section 12.10. Electronic Transactions.** The transactions described in this Funding Loan Agreement may be conducted and the related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 12.11. Reference Date.** This Funding Loan Agreement is dated for reference purposes only as of May 1, 2023, and will not be effective and binding on the parties hereto unless and until the Closing Date (as defined herein) occurs.

*[Remainder of page intentionally left blank. Signature page follows]*

IN WITNESS WHEREOF, the Funding Lender, the Fiscal Agent, and the Governmental Lender have caused this Funding Loan Agreement to be duly executed as of the date first written above.

**CITIBANK, N.A.,**  
a national banking association,  
as Funding Lender

By: \_\_\_\_\_  
Name:  
Title:  
Deal ID No. 50008254

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

By: \_\_\_\_\_  
Authorized Officer

**CITY OF SAN JOSE,**  
as Governmental Lender

By: \_\_\_\_\_  
Richard G. Bruneau  
Director of Finance

Date: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_  
S.Shasta Greene  
Sr. Deputy City Attorney

## EXHIBIT A

### FORMS OF GOVERNMENTAL LENDER NOTES

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

**CITY OF SAN JOSE  
MULTIFAMILY HOUSING REVENUE NOTE  
(1860 ALUM ROCK APARTMENTS) [SERIES 2023A-1 (TAX-EXEMPT)]  
[SERIES 2023A-2 (TAXABLE)]**

**DATED [Closing Date]**

**[\$[Taxable Par]][Tax-Exempt Par]**

FOR VALUE RECEIVED, the undersigned the City of San José (“**Governmental Lender**”) promises to pay to the order of CITIBANK, N.A. (“**Holder**”) the maximum principal sum of [Par Written Out], on [Maturity Date], or earlier as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

Governmental Lender shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of May 1, 2023 (the “**Funding Loan Agreement**”), among Governmental Lender, Holder, and U.S. Bank Trust Company, National Association, as fiscal agent, an amount in immediately available funds sufficient to pay the principal amount of and Prepayment Premium, if any, on this Governmental Lender Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts derived from proceeds of the Borrower Loan, condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on this Governmental Lender Note in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of this Governmental Lender Note so paid. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Funding Loan Agreement.

Governmental Lender shall pay to the Holder on or before each date on which interest on the [Tax-Exempt][Taxable] Portion of the Funding Loan is payable interest on the unpaid balance hereof in an amount in immediately available funds sufficient to pay the interest on this Governmental Lender Note then due and payable in the amounts and at the applicable rate or rates provided in the Funding Loan Agreement.

The Funding Loan and this Governmental Lender Note are pass-through obligations relating to a construction and permanent loan (the “**Borrower Loan**”) made by Governmental Lender from proceeds of the Funding Loan to Alum Rock, L.P. a California limited partnership, as borrower (the “**Borrower**”), under that certain Borrower Loan Agreement, dated as of May 1, 2023 (as the same may be modified, amended or supplemented from time to time, the “**Borrower Loan Agreement**”), between the Governmental Lender and the Borrower, evidenced by the Borrower Notes (as defined in the Borrower Loan Agreement). Reference is made to the Borrower Loan Agreement and to the [Tax-Exempt][Taxable]

Borrower Note for complete payment and prepayment terms of the [Tax-Exempt][Taxable] Borrower Note, payments on which are passed-through under this Governmental Lender Note.

THIS GOVERNMENTAL LENDER NOTE IS A LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER, PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS AND MONEYS AND SECURITY PLEDGED AND ASSIGNED UNDER THE FUNDING LOAN AGREEMENT. NONE OF THE GOVERNMENTAL LENDER, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE GOVERNMENTAL LENDER, TO THE LIMITED EXTENT SET FORTH HEREIN) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE FUNDING LOAN OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER WITH RESPECT THERETO EXCEPT AS SET FORTH HEREIN AND IN THE FUNDING LOAN AGREEMENT, AND NONE OF THE FUNDING LOAN OR THIS GOVERNMENTAL LENDER NOTE OR ANY OF THE GOVERNMENTAL LENDER'S AGREEMENTS OR OBLIGATIONS WITH RESPECT TO THE FUNDING LOAN OR THIS GOVERNMENTAL LENDER NOTE 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. THIS GOVERNMENTAL LENDER NOTE DOES NOT CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION .

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS GOVERNMENTAL LENDER NOTE AGAINST ANY PAST, PRESENT OR FUTURE COUNCILMEMBER, OFFICER, EMPLOYEE OR AGENT OF THE GOVERNMENTAL LENDER, OR OF ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, AS SUCH, EITHER DIRECTLY OR THROUGH THE GOVERNMENTAL LENDER OR ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH COUNCILMEMBERS, OFFICERS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS GOVERNMENTAL LENDER NOTE.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement or in the Borrower Loan Agreement.

This Governmental Lender Note is subject to the express condition that at no time shall interest be payable on this Governmental Lender Note or the Funding Loan at a rate in excess of the Maximum Rate provided in the Funding Loan Agreement; and Governmental Lender shall not be obligated or required to pay, nor shall the Holder be permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Governmental Lender Note or of the Funding Loan Agreement, Governmental Lender is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

Amounts payable hereunder representing late payments, penalty payments or the like shall be payable to the extent allowed by law.

This Governmental Lender Note is subject to all of the terms, conditions, and provisions of the Funding Loan Agreement, including those respecting prepayment and the acceleration of maturity, and those respecting limitations on liability in Article V of the Funding Loan Agreement, but solely from the Pledged Revenues, the Security, or amounts provided by the Borrower.

If there is an Event of Default under the Funding Loan Documents, then in any such event and subject to the requirements set forth in the Funding Loan Agreement, the Holder may declare the entire unpaid principal balance of this Governmental Lender Note and accrued interest, if any, due and payable at once. All of the covenants, conditions and agreements contained in the Funding Loan Documents are hereby made part of this Governmental Lender Note.

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Governmental Lender Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Governmental Lender Note and the Funding Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Governmental Lender shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement.

This Governmental Lender Note may not be changed orally. Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived. The acceptance by the Holder of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the Holder of any sum in an amount less than the amount then due shall be deemed an acceptance on account only and upon condition that such acceptance shall not constitute a waiver of the obligation of Governmental Lender to pay the entire sum then due, and Governmental Lender's failure to pay such amount then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by the Holder to any action of Governmental Lender which is subject to consent or approval of the Holder hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions.

[Tax-Exempt Note - Notwithstanding any provision of this Governmental Lender Note or the Funding Loan Agreement to the contrary, the Governmental Lender shall be permitted to direct Borrower Tax-Exempt Note prepayments to be transferred to a custodian or trustee selected by the Governmental Note, in lieu of application to prepay a like portion of this Governmental Lender Note, so long as the Governmental Lender simultaneously causes other funds to be applied to prepay such portion of this Governmental Lender Note. The preceding provisions shall apply only for purposes of preserving or "recycling" private activity bond volume cap in accordance with Section 146(i)(6) of the Code.]

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

**GOVERNMENTAL LENDER:**

**CITY OF SAN JOSE,**  
as Governmental Lender

By: \_\_\_\_\_  
Richard G. Bruneau  
Director of Finance



## **CERTIFICATE OF AUTHENTICATION**

This Governmental Lender Note is the Governmental Lender Note described in the within mentioned Funding Loan Agreement.

Date of Authentication: \_\_\_\_\_

U.S. Bank Trust Company, National Association,  
as Fiscal Agent

By: \_\_\_\_\_  
Authorized Officer

## EXHIBIT B

### FORM OF REQUIRED TRANSFeree REPRESENTATIONS

[\_\_\_\_\_, 2023]

The undersigned, as holder (the “**Holder**”) of a loan (the “**Funding Loan**”) in the maximum amount of \$[Aggregate Par] from CITIBANK, N.A. (“**Funding Lender**”) to the CITY OF SAN JOSE, a municipal corporation and charter city of the State of California (together with its successors and assigns, the “**Governmental Lender**”) pursuant to a Funding Loan Agreement dated as of May 1, 2023 (the “**Funding Loan Agreement**”) between the Funding Lender and the Governmental Lender, evidenced by the Governmental Lender Notes (the “**Governmental Lender Notes**”), or an interest therein, hereby represents that:

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

2. The Holder acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Holder has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Governmental Lender, the Project, the use of proceeds of the Funding Loan and the Governmental Lender Notes and the security therefor so that, as a reasonable investor, the Holder has been able to make its decision to extend the Funding Loan. In entering into this transaction, the Holder acknowledges that it has not relied upon any representations or opinions of the Governmental Lender relating to the legal consequences to the Funding Lender or other aspects of its making the Funding Loan and acquiring the Governmental Lender Notes, nor has it looked to or expected, the Governmental Lender to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the financing or management thereof), or any other matter pertaining to the merits or risks of the transactions contemplated by the Funding Loan Agreement and the Borrower Loan Agreement, or the adequacy of the funds pledged to the Funding Lender to secure repayment of the Governmental Lender Notes.

3. The Holder is an Approved Transferee. The Funding Loan Agreement defines an Approved Transferee as “(1) a ‘qualified institutional buyer’ as defined in Rule 144A promulgated under the Securities Act, as in effect on the date hereof (the ‘QIB’) that is a financial institution or commercial bank having capital and surplus of \$5,000,000,000 or more, (2) an affiliate of the Funding Lender, or (3) a trust or custodial arrangement established by the Funding Lender or one of its affiliates the beneficial interests in which will be owned only by QIBs.”

4. The Holder acknowledges that it is participating in the Funding Loan for investment for its own account and not with a present view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Funding Loan; provided, however, that the Holder may sell or transfer the Governmental Lender Notes and the Funding Loan as provided in Section 2.4 of the Funding Loan Agreement. Section 2.4 of the Funding Loan Agreement provides in part that the Governmental Lender Note may only be transferred to an Approved Transferee and that **notwithstanding the other provisions of Section 2.4**, no beneficial ownership interest in the Governmental Lender Notes and Funding Loan shall be sold in an amount that is less than the Minimum

Beneficial Ownership Amount. The Funding Loan Agreement defines Minimum Beneficial Ownership Amount; **provided, however, that beneficial ownership interest in the Governmental Lender Notes and Funding Loan described in clause (3) of the definition of “Approved Transferee” may not be sold in any amount less than \$100,000.”** as “an amount no less **than fifteen percent (15%) of the outstanding principal amount of the Funding Loan, but not less** than \$100,000, or the full outstanding principal amount of the respective Tax-Exempt Portion and the Taxable Portion of the Funding Loan, if such respective principal amount of the Tax-Exempt Portion and the Taxable Portion of the Funding Loan is less than \$100,000.”

5. In the event any placement memorandum to be provided to any subsequent buyer or beneficial owner of the Funding Loan will disclose information with respect to the Governmental Lender other than its name, location and type of political subdivision and general information with respect to the Funding Loan and the Borrower Loan and the related documents, the Holder will provide the Governmental Lender with a draft of such placement memorandum and the Governmental Lender shall have the right to approve any description of the Governmental Lender therein (which approval shall not be unreasonably withheld).

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

7. The Holder agrees to indemnify and hold harmless the Fiscal Agent and the Governmental Lender, each Councilmember, member, officer, director, partner or employee of the Fiscal Agent or the Governmental Lender, and each person who controls the Fiscal Agent or the Governmental Lender 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 (collectively called the “**Indemnified Parties**”), against any and all losses, claims, damages, liabilities or expenses (including any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions) whatsoever arising out of any sale, transfer or other disposition of the Funding Loan, or any interest therein, by Holder in violation of the provisions hereof. No Indemnified Parties other than the Governmental Lender and its Councilmembers, members, officers and employees shall be indemnified hereunder for any losses, claims, damages or liabilities resulting from the negligence of such Indemnified Parties. No Indemnified Party shall be indemnified hereunder for any losses, claims, damages or liabilities resulting from the willful misconduct of such parties.

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

*[Remainder of page intentionally left blank]*

[Signature Page to Required Transferee Representations]

[\_\_\_\_\_], as Holder

By \_\_\_\_\_  
Name  
Its

## EXHIBIT C

### FORM OF WRITTEN REQUISITION OF THE BORROWER

Draw# [ ]

To: U.S. Bank Trust Company, National Association as Fiscal Agent (the “**Fiscal Agent**”) under that certain Funding Loan Agreement, dated as of May 1, 2023, among Citibank, N.A., as Funding Lender, the City of San José, as Governmental Lender, and the Fiscal Agent (the “**Funding Loan Agreement**”).

1. You are requested to disburse funds from the Project Fund pursuant to Section 7.7 of the Funding Loan Agreement in the amount(s), to the person(s) as follows:

[Insert grid (see below) summarizing all funds, including amount, source and payee, which are being requisitioned from the Fiscal Agent pursuant to this requisition.]

Amount	Funding Source	Payable To

2. The undersigned certifies that:

(i) the obligation stated on this Requisition has been incurred in, or in relation to, the acquisition, rehabilitation, construction or equipping of the Project, each item is a proper charge against the Project Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(ii) such requisition is to be paid with proceeds of the Governmental Lender Tax-Exempt Note contains no items representing any Costs of Issuance or any other amount constituting an issuance cost under section 147(g) of the Code;

(iii) not less than 95% of the sum of: (A) the amounts requisitioned by this Requisition to be funded with the proceeds of the Governmental Lender Tax-Exempt Note plus (B) all amounts allocated to the Governmental Lender Tax-Exempt Note previously disbursed from 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 the Funding Loan Agreement; and

3. You hereby authorize Funding Lender to use the wire instructions contained in Exhibit E of the Funding Loan Agreement to wire the funds to, and Funding Lender may continue to rely on these instructions until it shall have received any written notice of modification or revocation from you.

Dated: \_\_\_\_\_

**BORROWER:**

Alum Rock, L.P.,  
a California limited partnership

By: Alum Rock Charities LLC,  
a California limited liability company,  
its general partner

By: Charities Housing Development Corporation  
of Santa Clara County,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Mark J. Mikl  
Executive Director

Dated: \_\_\_\_\_

APPROVED BY:  
CITIBANK, N.A.,  
a national banking association,  
as Funding Lender

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

Name:

Title:

Deal ID No. 50008254



## EXHIBIT D

### FORM OF WRITTEN REQUISITION OF THE BORROWER – CLOSING COSTS FUND

To: U.S. Bank Trust Company, National Association, as Fiscal Agent (the “**Fiscal Agent**”) under that certain Funding Loan Agreement, dated as of May 1, 2023, among Citibank, N.A., as Funding Lender, the City of San José, as Governmental Lender, and the Fiscal Agent (the “**Funding Loan Agreement**”).

1. You are requested to disburse funds from the Closing Costs Fund pursuant to Section 7.6 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. 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 the Funding Loan Agreement.

Dated: \_\_\_\_\_

**BORROWER:**

Alum Rock, L.P.,  
a California limited partnership

By: Alum Rock Charities LLC,  
a California limited liability company,  
its general partner

By: Charities Housing Development Corporation  
of Santa Clara County,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Mark J. Mikl  
Executive Director

Dated: \_\_\_\_\_

APPROVED BY:  
CITIBANK, N.A.,  
a national banking association,  
as Funding Lender

By: \_\_\_\_\_  
Name:  
Title:  
Deal ID No.: 50008254

**EXHIBIT E**

**FISCAL AGENT WIRING INSTRUCTIONS**

**US Bank**

**ABA # 091000022**

**Account Name: U.S. Bank Trust N.A.**

**Credit Account No. 180121167365**

**Ref: San Jose 1860 Alum Rock**