

FUNDING LOAN AGREEMENT

among

**CN FINANCING, INC.,
as Funding Lender,**

**COUNTY OF CONTRA COSTA, CALIFORNIA,
as Governmental Lender**

and

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

Dated as of _____ 1, 2025

relating to:

**[\$29,238,977]
County of Contra Costa, California
Multifamily Housing Revenue Note
(Riverhouse Hotel),
2025 Series A (Tax-Exempt)**

and

**\$_____
County of Contra Costa, California
Multifamily Housing Revenue Note
(Riverhouse Hotel),
2025 Series B (Taxable)**

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

1.1	Definitions	2
1.2	Effect of Headings and Table of Contents	8
1.3	Date of Funding Loan Agreement	8
1.4	Interpretation	8

ARTICLE II

TERMS; GOVERNMENTAL LENDER NOTE

2.1	Terms	8
2.2	Form of Governmental Lender Notes	11
2.3	Execution and Delivery of Governmental Lender Notes	11
2.4	Required Transferee Representations; Participations; Sale and Assignment	11

ARTICLE III

PREPAYMENT

3.1	Prepayment of the Governmental Lender Notes From Prepayment under the Borrower Notes	12
3.2	Notice of Prepayment	13

ARTICLE IV

SECURITY

4.1	Security for the Funding Loan	13
4.2	Delivery of Security	14

ARTICLE V

LIMITED LIABILITY

5.1	Source of Payment of Funding Loan and Other Obligations	15
5.2	Exempt From Individual Liability	15

ARTICLE VI

CLOSING CONDITIONS; APPLICATION OF FUNDS

6.1	Conditions Precedent to Closing	16
-----	---------------------------------------	----

ARTICLE VII

FUNDS AND ACCOUNTS

7.1	Authorization to Create Funds and Accounts	16
7.2	Investment of Funds	17
7.3	Establishment of Funds	17
7.4	Note Payment Fund	17
7.5	Expense Fund	18
7.6	Project Fund	18
7.7	Rebate Fund	20

TABLE OF CONTENTS
(continued)

Page

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

8.1	General Representations	22
8.2	Encumbrance on Security	23
8.3	Repayment of Funding Loan	23
8.4	Borrower Loan Agreement Performance	23
8.5	Maintenance of Records; Inspection of Records	23
8.6	Tax Covenants	24
8.7	Performance by the Borrower	25

ARTICLE IX

DEFAULT; REMEDIES

9.1	Events of Default	25
9.2	Acceleration of Maturity; Rescission and Annulment	26
9.3	Additional Remedies; Funding Lender Enforcement	26
9.4	Application of Money Collected	28
9.5	Remedies Vested in Funding Lender	28
9.6	Restoration of Positions	28
9.7	Rights and Remedies Cumulative	28
9.8	Delay or Omission Not Waiver	29
9.9	Waiver of Past Defaults	29
9.10	Remedies Under Borrower Loan Agreement or Borrower Notes	29
9.11	Waiver of Appraisal and Other Laws	29
9.12	Suits to Protect the Security	29
9.13	Remedies Subject to Applicable Law	30
9.14	Assumption of Obligations	30

ARTICLE X

AMENDMENT; AMENDMENT OF BORROWER LOAN AGREEMENT AND OTHER
DOCUMENTS

10.1	Amendment of Funding Loan Agreement	30
10.2	Amendments Require Funding Lender Consent	30
10.3	Consents and Opinions	30

ARTICLE XI

AGENCY

11.1	Appointment of Funding Lender as Agent	31
11.2	Authority of the Funding Lender	31
11.3	Successor Agent	31
11.4	Consent to Assignment	31
11.5	Power of Attorney	32
11.6	Acceptance	32
11.7	Conditions	32

TABLE OF CONTENTS
(continued)

Page

ARTICLE XII

THE FISCAL AGENT

12.1	Appointment of Fiscal Agent; Acceptance.....	32
12.2	Certain Duties and Responsibilities of Fiscal Agent	32
12.3	Notice of Defaults.....	34
12.4	Certain Rights of Fiscal Agent	34
12.5	Not Responsible for Recitals	35
12.6	May Hold Funding Loan	36
12.7	Moneys Held in Trust.....	36
12.8	Compensation and Reimbursement	36
12.9	Fiscal Agent Required; Eligibility	36
12.10	Resignation and Removal; Appointment of Successor	37
12.11	Acceptance of Appointment by Successor	38
12.12	Merger, Consolidation or Succession to Business	38
12.13	Appointment of Co-Fiscal Agent	38
12.14	No Recourse Against Officers or Employees of Fiscal Agent	39
12.15	Financing Statements.....	39
12.16	Loan Servicing.....	39

ARTICLE XIII

MISCELLANEOUS

13.1	Notices	40
13.2	Term of Funding Loan Agreement.....	42
13.3	Successors and Assigns	42
13.4	Legal Holidays.....	42
13.5	Governing Law	42
13.6	Entire Agreement; Severability	42
13.7	Counterparts/Electronic Signatures	42
13.8	Nonrecourse Obligation of the Borrower	43
13.9	Judicial Reference	43
13.10	Successor to the Governmental Lender	44
13.11	Additional Instruments	44
13.12	Recycling Transactions	44

EXHIBIT A	FORM OF GOVERNMENTAL LENDER NOTES
EXHIBIT B	FORM OF REQUIRED TRANSFEREE REPRESENTATIONS
EXHIBIT C	FORM OF WRITTEN REQUISITION OF THE BORROWER

FUNDING LOAN AGREEMENT

This Funding Loan Agreement, dated as of _____ 1, 2025 (as amended, modified, supplemented or restated from time to time, this “Funding Loan Agreement”), is entered into by CN FINANCING, INC., a California corporation (together with any successor hereunder, the “Funding Lender”), COUNTY OF CONTRA COSTA, CALIFORNIA, a public body, corporate and politic, duly organized and validly existing under the laws of the State of California (together with its successors and assigns, the “Governmental Lender”) and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION (together with its successors and assigns, the “Fiscal Agent”).

RECITALS:

WHEREAS, the Governmental Lender is empowered pursuant to Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the California Health and Safety Code (the “Act”) to: (a) make loans to any person to provide financing for residential rental developments located within the jurisdiction of the Governmental Lender and intended to be occupied in part by persons of low and moderate income; (b) 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) pledge all or any part of the revenues, receipts or resources of the Governmental Lender, including the revenues and receipts to be received by the Governmental Lender from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender 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, Borrower (as defined below), has requested that the Governmental Lender enter into this Funding Loan Agreement under which the Funding Lender (i) will 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 the Borrower Loan (as defined below) to the Borrower to finance the acquisition, rehabilitation and development of the Project (as defined below); and

WHEREAS, simultaneously with the delivery of this Funding Loan Agreement, the Governmental Lender, the Funding Lender and the Borrower will enter into the Borrower Loan Agreement (as defined below), whereby the Borrower agrees to make loan payments to the Governmental Lender in an amount which, when added to other funds available under this Funding Loan Agreement, will be sufficient to enable the Governmental Lender to repay the Funding Loan and to pay all costs and expenses related thereto when due; and

WHEREAS, to evidence its payment obligations under the Borrower Loan Agreement, the Borrower will execute and deliver to the Governmental Lender its Borrower Note (as defined below), and

WHEREAS, the obligations of the Borrower under the Borrower Note will be secured by a lien on and security interest in the Project pursuant to the Deed of Trust (as hereinafter defined); and

WHEREAS, the Governmental Lender has executed and delivered to the Funding Lender its [\$29,238,977] maximum principal amount County of Contra Costa, California Multifamily Housing Revenue Note (Riverhouse Hotel), 2025 Series A (Tax-Exempt) (as amended, modified, supplemented or replaced from time to time, the “Tax Exempt Governmental Lender Note”), and its

\$_____ maximum principal amount County of Contra Costa, California Multifamily Housing Revenue Note (Riverhouse Hotel), 2025 Series B (Taxable) (as amended, modified, supplemented or replaced from time to time, the “Taxable Governmental Lender Note,” and, together with the Tax Exempt Governmental Lender Note, the “Governmental Lender Notes”), and all things necessary to make this Funding Loan Agreement, the valid, binding and legal limited obligation of the Governmental Lender, have been done and performed and the execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Lender Notes, subject to the terms hereof, have in all respects been duly authorized.

A G R E E M E N T:

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

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

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

(f) “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, (2) an “accredited investor” as defined in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities Act, (3) an affiliate of the Funding Lender, (4) an entity the investors in which are described in (1), (2) or (3) above, (5) a trust or custodial arrangement established by the Funding Lender or one of its affiliates or any state or local government or any agency or entity which is a political subdivision of a federal, state or local government (a “Governmental Entity”), in each case (i) the beneficial interests in which will be owned only by QIBs or (ii) the beneficial interests in which will be rated in the “BBB” category or higher without regard to modifier (or the equivalent investment grade category) by at least one nationally recognized rating agency, or (6) a Governmental Entity.

“Assignment of Deed of Trust” shall mean that certain Assignment Deed of Trust and Related Documents of even date herewith executed by Governmental Lender in favor of the Funding Lender, as amended, modified, supplemented or replaced from time to time.

“Authorized Amount” shall mean (i) with respect to the Tax Exempt Governmental Lender Note, [\$29,238,977], the maximum aggregate principal amount of the Tax Exempt Governmental Lender Note authorized under this Funding Loan Agreement, and (ii) with respect to the Taxable Governmental Lender Note, \$_____, the maximum aggregate principal amount of the Taxable Governmental Lender Note authorized under this Funding Loan Agreement.

“Authorized Borrower Representative” shall have the meaning given such term in the Borrower Loan Agreement.

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

“Borrower” shall mean Riverhouse Hotel, L.P., a California limited partnership, and its permitted successors under the Borrower Loan Agreement, the Deed of Trust and the Regulatory Agreement as owner of the Project.

“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, of even date herewith, among the Governmental Lender, the Borrower and the Funding Lender, as amended, modified, supplemented or replaced from time to time.

“Borrower Loan Agreement Default” shall mean any event of default set forth in Section 6.1 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 \$ _____.

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

“Borrower Notes” shall have the meaning set forth in the Borrower Loan Agreement.

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

“Closing Date” shall mean _____, 2025, being the date that initial Funding Loan proceeds are disbursed hereunder, as described in Section 2.1(b).

“CNF” shall mean CN Financing, Inc., a California corporation, in its capacity as the Funding Lender and as the assignee and agent of the Governmental Lender with respect to the Borrower Loan pursuant to the terms of this Agreement.

“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.

“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.

“Covenant Agreement” means that certain Construction Loan Covenant Agreement of even date herewith, between CNF and Borrower, pursuant to which the Borrower Loan will be advanced to the Borrower and setting forth certain provisions relating to disbursement of the Borrower Loan during construction, insurance and other representations, warranties and covenants with respect to the Borrower Loan, as such agreement may be amended, modified, supplemented and replaced from time to time.

“Deed of Trust” shall mean the Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing of even date herewith, made by the Borrower for the benefit of the Lender securing the Borrower Loan, as amended, restated and/or supplemented from time to time.

“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.

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

“Fiscal Agent’s Fees” means the ongoing annual compensation and expenses of the Fiscal Agent payable semi-annually in arrears on each [_____] and [_____] in an amount equal to \$_____ per annum.

“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 as amended, modified, supplemented or replaced from time to time.

“Governmental Lender Notes” shall mean, collectively, the Tax Exempt Governmental Lender Note and the Taxable Governmental Lender Note.

“Initial Advance” shall mean the initial advance of funds by the Governmental Lender to the Borrower under the Borrower Loan Agreement in the amount of \$_____.

“Maturity Date” shall mean _____ 1, 20__.

“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 \$250,000 or the full outstanding principal amount of the Funding Loan, if such principal amount is less than \$250,000 or the full outstanding principal amount of the respective share of the 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 \$250,000.

“Noteowner” or “owner of the Governmental Lender Note” means the owner, or as applicable, collectively the owners, of the Governmental Lender Notes as shown on the registration books maintained by the Funding Lender pursuant to Section 2.4(d).

“Ongoing Governmental Lender Fee” means the annual fees due to Governmental Lender pursuant to Section 20 of the Regulatory Agreement.

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

“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. Notwithstanding the foregoing, “Pledged Revenues” shall not include amounts payable by the Borrower to the Governmental Lender pursuant to Sections 2.5, 4.9, 4.10, 4.11, 4.16 or 7.8 of the Borrower Loan Agreement.

“Project” shall mean real property and improvements thereon commonly known as the Riverhouse Hotel multifamily housing project located at 700 Alhambra Avenue in the City of Martinez.

“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 Covenants and Restrictions dated _____ 1, 2025, by and between Borrower and Governmental Lender, as amended, modified, supplemented or replaced from time to time.

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

“Requisition” shall have the meaning given it in Section 7.6(c).

“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” means, when used with respect to the Trustee, any corporate trust officer or assistant corporate trust officer or any other officer of the Trustee within its corporate trust department customarily performing functions similar to those performed by any of the above designated officers, and also means, with respect to a particular corporate trust matter, any officer to whom such matter is referred because of such person’s knowledge of and familiarity with the particular subject.

“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.

“State” shall mean the State of California.

“Taxable Borrower Note” shall have the meaning set forth in the Borrower Loan Agreement.

“Taxable Governmental Lender Note” shall mean the Governmental Lender’s Multifamily Housing Revenue Note (Riverhouse Hotel), 2025 Series B (Taxable) dated as of the Closing Date (defined below) evidencing its obligation to make the payments due to the Funding Lender under the Funding Loan as provided in this Funding Loan Agreement and all amendments, modifications, renewals and substitutions thereby.

“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 Taxable Governmental Lender Note.

“Tax Certificate” shall mean the Tax Certificate, dated the Closing Date, executed and delivered by the Governmental Lender and the Borrower, as such agreement may be amended, modified, supplemented and replaced from time to time.

“Tax Counsel” shall mean (a) Stradling Yocca Carlson & Rauth LLP; or (b) 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 Governmental Lender is duly organized and validly existing, the due execution and delivery by the Governmental Lender of the Funding Loan Documents to which the Governmental Lender is a party, the Funding Loan Agreement, the Borrower Loan Agreement and the Governmental Lender Notes constitute the valid and binding obligation of the Governmental Lender enforceable against the Governmental Lender in accordance with their respective terms and that, under existing statutes, regulations published rulings and judicial decisions, the interest on the Tax Exempt Governmental Lender Note is excludable from gross income for federal income tax purposes (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

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

“Tax Credit Investor” shall mean MCC Housing LLC, a California limited liability company, and its affiliates, successors and assigns.

“Tax Exempt Borrower Note” shall have the meaning set forth in the Borrower Loan Agreement.

“Tax Exempt Governmental Lender Note” shall mean the Governmental Lender’s Multifamily Housing Revenue Note (Riverhouse Hotel), 2025 Series A (Tax Exempt) dated as of the Closing Date (defined below) evidencing its obligation to make the payments due to the Funding Lender under the Funding Loan as provided in this Funding Loan Agreement and all amendments, modifications, renewals and substitutions thereby.

“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 Tax Exempt Governmental Lender Note.

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

“Unassigned Rights” shall mean the Governmental Lender’s rights (a) to reimbursement and payment of its fees, costs and expenses under Section 2.5 of the Borrower Loan Agreement and Section 20 of the Regulatory Agreement, (b) to indemnification under Section 4.11 of the Borrower Loan Agreement and Section 9 of the Regulatory Agreement, (c) to attorneys’ fees and other fees and expenses under Sections 4.9, 4.10, 4.11 and 7.8 of the Borrower Loan Agreement and Section 9 of the Regulatory Agreement, (d) to receive notices, reports and other statements and its rights to consent to certain matters, including but not limited to its right to consent to amendments to this Funding Loan Agreement, the Borrower Loan Agreement and the Regulatory Agreement, and otherwise as provided in this Funding Loan Agreement and the Borrower Loan Agreement, (e) to seek performance by the Borrower of its obligations under the Regulatory Agreement or the Tax Certificate, and (f) to seek performance of, and enforce, various tax covenants as described in Section 2.2(b)(i) of the Borrower Loan Agreement, including but not limited to those in Section 4.16 of the Borrower Loan 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 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.

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.

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.

1.4 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

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.**

(i) The Funding Loan is originated on a draw-down basis. The Funding Lender and the Governmental Lender hereby authorize and direct the funding and disbursement by the Funding Lender of the initial principal amount of the Funding Loan in the

amount of the Initial Advance on the Closing Date, subject to the satisfaction of all the conditions specified in Section 6.1. On the date of execution and delivery of the Funding Loan Note, and the date of execution and delivery of the Borrower Notes, such initial proceeds of the Funding Loan shall be disbursed by the Funding Lender, on behalf of the Governmental Lender, to the escrow agent for the closing of the Borrower Loan to fund the Borrower Loan under and as provided in Section 2.7 of the Borrower Loan Agreement and Section 2 of the Disbursement Schedule attached to the Covenant Agreement.

(ii) The Funding Lender and the Governmental Lender hereby authorize and direct the funding and disbursement of the remaining principal amount of the Funding Loan (not referenced in Section 2.1(b)(i) and (iv)) by the Funding Lender, on behalf of the Governmental Lender, from draws on the Governmental Lender Notes directly to the Fiscal Agent to fund the remaining principal of the Borrower Loan under and as provided in, and subject to the provisions of, Section 2.7 of the Borrower Loan Agreement and the Disbursement Schedule attached to the Covenant Agreement (other than Section 2 of the Disbursement Schedule).

(iii) The Fiscal Agent shall keep a record of all principal advances and principal repayments made under the Funding Loan Note and shall upon written request provide the Governmental Lender and the Funding Lender with a statement of the outstanding principal balance of the Funding Loan Note and the Funding Loan.

(iv) Prior to the Maturity Date, Funding Lender shall disburse directly to Funding Lender on the first Business Day of each month, the accrued interest under the Funding Loan and Funding Lender will provide Fiscal Agent with written notice of the amount disbursed pursuant to this Section 2.1(b)(iv).

(v) None of the Funding Lender, the Governmental Lender, or the Fiscal Agent shall be responsible for the application by the Borrower of monies disbursed to the Borrower in accordance with this Section 2.1(b).

(vi) 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 _____, 20__; provided, however, that upon the delivery of a Tax Counsel No Adverse Effect Opinion to the Governmental Lender and the Funding Lender such date may be changed to a later date as specified in such Tax Counsel No Adverse Effect Opinion.

(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 the Maturity Date at which time the entire principal amount of the Tax Exempt Portion of the Funding Loan, to the extent not previously paid, and all accrued and unpaid interest, shall be due and payable, and (ii) the Taxable Portion of the Funding Loan shall mature on the Maturity Date at which time the entire principal amount of the Taxable Portion of the Funding Loan, to the extent not previously paid, and all accrued and unpaid interest, shall be due and payable.

(d) Principal. The outstanding principal amount of the Tax Exempt Governmental Lender 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 or for the account of the Governmental Lender to fund

corresponding advances with respect to the Tax Exempt Borrower Note under the Borrower Loan Agreement and the Covenant Agreement as proceeds of the Tax Exempt Portion of the Borrower Loan, less any payments of principal of the Tax Exempt Governmental Lender Note previously received upon payment of corresponding principal amounts under the Tax Exempt Borrower Note, including regularly scheduled principal payments and voluntary and mandatory prepayments. The outstanding principal amount of the Taxable Governmental Lender 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 or for the account of the Governmental Lender to fund corresponding advances with respect to the Taxable Borrower Note under the Borrower Loan Agreement and the Covenant Agreement as proceeds of the Taxable Portion of the Borrower Loan, less any payments of principal of the Taxable Governmental Lender Note previously received upon payment of corresponding principal amounts under the Taxable Borrower 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. The Funding Lender 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 with a statement of the outstanding principal balances of the Governmental Lender Notes and the Funding Loan.

(e) Interest. Interest shall be paid on the outstanding principal amount of the Tax Exempt Governmental Lender Note at the rate or rates set forth in the Tax Exempt Borrower Note and otherwise as set forth in the Borrower Loan Agreement. Interest shall be paid on the outstanding principal amount of the Taxable Governmental Lender Note at the rate or rates set forth in the Taxable Borrower Note and otherwise as set forth in the Borrower Loan Agreement.

(f) Corresponding Payments. The payment or prepayment of principal, interest and premium, if any, due on the Tax Exempt Governmental Lender 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 Tax Exempt Borrower Note. Any payment or prepayment made by the Borrower of principal, interest, premium, if any, due on the Tax Exempt Borrower Note shall be deemed to be like payments or prepayments of principal, interest and premium, if any, due on the Tax Exempt Governmental Lender Note. The payment or prepayment of principal, interest and premium, if any, due on the Taxable Governmental Lender 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 Taxable Borrower Note. Any payment or prepayment made by the Borrower of principal, interest, premium, if any, due on the Taxable Borrower Note shall be deemed to be like payments or prepayments of principal, interest and premium, if any, due on the Taxable Governmental Lender 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.

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.

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 signature of an Authorized Governmental Lender Representative. The signatures of individuals who were the proper officers of the Governmental Lender at the time of execution shall bind the Governmental Lender, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the delivery of the Governmental Lender Notes or shall not have held such offices at the date of the Governmental Lender Notes.

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 in whole or (ii) any portion of or participation interests 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 purchasers that are Approved Transferees and that execute and deliver to the Funding Lender, with a copy to the Governmental Lender, the Required Transferee Representations provided, however, that no Required Transferee Representations shall be required to be delivered by transferees or beneficial interest holders described in clauses (5) or (6) of the definition of “Approved Transferee.”

(c) Notwithstanding the other provisions of this Section, no beneficial ownership interest in the Governmental Lender Notes and the Funding Loan shall be sold in an amount that is less than the Minimum Beneficial Ownership Amount provided, however, that beneficial ownership interests in the Governmental Lender Notes and Funding Loan described in clause (5) of the definition

of “Approved Transferee” may be sold in any amount without regard to the Minimum Beneficial Ownership Amount.

(d) No service charge shall be made for any sale or assignment of the Governmental Lender Notes and the Funding Loan or any participation interest in the Governmental Lender Notes and the Funding Loan, but in each case the Governmental Lender may require payment of a sum sufficient to cover any 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 applicable purchaser or assignee of the Governmental Lender Notes and the Funding Loan or participation interest therein. The Governmental Lender Notes shall be in fully-registered form transferable to a subsequent Noteowner, subject to the foregoing limitations, only on the registration books for the Governmental Lender Note which shall be maintained by the Funding Lender for such purpose consistent with the registration requirements of the Code applicable to tax-exempt obligations, and which shall be open to inspection by the Governmental Lender. The Governmental Lender Notes shall not be transferred through the services of the Depository Trust Company or any other third party registrar.

(e) The parties 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

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

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

The Borrower shall not have the right to voluntarily prepay all or any portion of the Borrower 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 Tax Exempt Governmental Lender Note shall be subject to mandatory prepayment in whole or in part upon prepayment of the Tax Exempt Borrower Note at the direction of the Funding Lender in accordance with the terms of the Tax Exempt Borrower Note, at a prepayment price equal to the outstanding principal balance of the Tax Exempt Borrower Note prepaid, plus accrued interest plus any other amounts payable under the Tax Exempt Borrower Note or the Borrower Loan Agreement. The Taxable Governmental Lender Note shall be subject to mandatory prepayment in whole or in part upon prepayment of the Taxable Borrower Note at the direction of the Funding Lender in accordance with the terms of the Taxable Borrower Note, at a prepayment price equal to the outstanding principal balance of the Taxable Borrower Note prepaid, plus accrued interest plus any other amounts payable under the Taxable Borrower Note or the Borrower Loan Agreement.

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 Funding 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 is required to be given.

ARTICLE IV

SECURITY

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 terms and provisions of this Funding Loan Agreement and of the funding of the Funding Loan by the Funding Lender, the Governmental Lender does hereby grant, bargain, sell, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Funding Lender (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 and any amounts held at any time in the Note Payment Fund, Project Fund, Expense Fund, and Rebate Fund, the Borrower’s Funds Account established and maintained under the Covenant Agreement, and any

other funds or accounts established under the Funding Loan Documents, 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 Funding Lender or a receiver appointed pursuant to this Funding Loan Agreement; and 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 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 Governmental Lender 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.

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 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 Deed of Trust and all other Borrower Loan Documents existing at the time of delivery of the Borrower Notes and the Assignment of Deed of Trust in a form provided by the Funding Lender;

(d) Uniform Commercial Code 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 a form provided by the Funding Lender; and

(e) Uniform Commercial Code 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 request in writing 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 including without limitation, at the request of the Funding Lender, in each case at the expense of the Borrower.

ARTICLE V

LIMITED LIABILITY

5.1 Source of Payment of Funding Loan and Other Obligations. Pursuant to the Act, the Funding Loan and the Governmental Lender Notes are limited obligations of the Governmental Lender, payable solely from the Pledged Revenues and other funds and the Security pledged and assigned hereunder notwithstanding the provisions of any other law or statute. NONE OF THE GOVERNMENTAL LENDER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE GOVERNMENTAL LENDER, TO THE LIMITED EXTENT SET FORTH HEREIN), SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE FUNDING LOAN OR THE GOVERNMENTAL LENDER NOTES OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER WITH RESPECT THERETO EXCEPT AS SET FORTH HEREIN, AND NONE OF THE FUNDING LOAN OR THE GOVERNMENTAL LENDER NOTES OR ANY OF THE GOVERNMENTAL LENDER'S AGREEMENTS OR OBLIGATIONS WITH RESPECT TO 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. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.

The Governmental Lender shall not be liable for payment of the principal of, redemption price or interest on the Governmental Lender Notes or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Funding Loan Agreement, the Governmental Lender Notes or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Borrower Loan Agreement.

5.2 Exempt From Individual Liability. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member of the Governing Board, officer, director, employee or agent of the Governmental Lender in his individual capacity, and none of the members of the Governing Board, the officers, directors, employees or agents of the Governmental Lender executing the Governmental Lender Notes or this Funding Loan Agreement shall be liable personally on the Governmental Lender Notes or under this Funding Loan Agreement or be subject to any personal liability or accountability by reason of the issuance of the Governmental Lender Notes or the execution of this Funding Loan Agreement.

ARTICLE VI

CLOSING CONDITIONS; APPLICATION OF FUNDS

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 (g) and (h) as applicable to deliverables to the Governmental Lender, or the requirements in clauses (e) and (i) 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 to the Funding Lender;
- (c) Receipt by the Funding Lender of executed counterpart copies of this Funding Loan Agreement, the Borrower Loan Agreement, the Covenant Agreement, the Regulatory Agreement, the Tax Certificate and the Deed of Trust;
- (d) A certified copy of the Resolution;
- (e) An executed Required Transferee Representations from the Funding Lender;
- (f) Delivery into escrow 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, as described and 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) 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;
- (i) The Governmental Lender shall have made the Initial Advance; and
- (j) Receipt by the Funding Lender of any other documents or opinions that the Funding Lender, Tax Counsel or counsel to the Fiscal Agent may require in connection with the closing.

ARTICLE VII

FUNDS AND ACCOUNTS

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 and Fiscal Agent 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 or the Fiscal Agent, 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.

7.2 Investment of Funds. Amounts held in any funds or accounts created under this Funding Loan Agreement shall be deposited in a deposit account, savings account or money market account with Fiscal Agent at the direction of the Borrower, subject in all cases to the restrictions of Section 7.7 hereof and of the Tax Certificate. In the absence of such written instructions, funds shall be held uninvested. The Fiscal Agent shall have no responsibility or liability for any loss which may result from any investment or sale of investment made pursuant to this Funding Loan Agreement. The Fiscal Agent is hereby authorized, in making or disposing of any investment permitted by this Funding Loan Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or any such affiliate is acting as agent of the Fiscal Agent or for any third person or dealing as principal for its own account. The Governmental Lender, the Funding Lender and the Borrower (by its execution of the Borrower Loan Agreement) acknowledge that the Fiscal Agent is not providing investment supervision, recommendations, or advice.

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

- (a) The Note Payment Fund;
- (b) The Project Fund;
- (c) The Expense Fund; and
- (d) 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, be subject to the lien hereof.

7.4 Note Payment Fund.

(a) The Governmental Lender and the Borrower shall have no interest in the Note 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.

(b) The Fiscal Agent shall deposit into the Note Payment Fund any amounts received from the Borrower as payments of principal of or premium or interest on the Borrower Loan and any other amounts received by the Fiscal Agent that are subject to the lien and pledge of this Funding Loan Agreement, funds pledged to Funding Lender hereunder 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.

(c) The Fiscal Agent shall apply all amounts on deposit in the Note 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;

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 Note Payment Fund for such purpose; and

Third, to pay or provide for the payment of the Funding Loan on the Maturity Date.

7.5 Expense Fund.

(a) The Fiscal Agent shall deposit in the Expense Fund the amounts required by the Regulatory Agreement or the Borrower Loan Agreement to be paid by the Borrower to the Governmental Lender or the Fiscal Agent. Amounts on deposit in the Expense Fund shall be used to pay the fees and expenses of the Governmental Lender 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 pursuant to Section 22 of the Regulatory Agreement to the Government 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 which 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.

(b) 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 Section 7.5(a) on any date on which such amounts are due and payable, the Fiscal Agent shall give notice to the Borrower of such deficiency.

(c) and of the amount of such deficiency and request payment within two Business Days to the Fiscal Agent of the amount of such deficiency.

(d) 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 to the Governmental Lender.

(e) 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 Fiscal Agent to the Governmental Lender for payment of such fee.

7.6 Project Fund.

(a) All proceeds of the Funding Loan provided by the Funding Lender shall be deposited to the Project Fund and disbursed as herein provided. The Fiscal Agent shall use moneys in

the Project Fund for the acquisition, rehabilitation and equipping of the Project, to pay other permitted development costs and to pay other costs related to the Project as provided herein.

(b) Not less than 97% of the moneys deposited in and credited to the Project Fund, representing the proceeds of the Tax Exempt Portion of the Funding Loan, including any income earned thereon, will be expended for Qualified Project Costs (as defined in the Regulatory Agreement) (the "97% Requirement"). The amounts on deposit in the Project Fund representing the Tax Exempt Portion of the Funding Loan shall not be applied to the payment of costs of issuance of the Governmental Lender Notes.

(c) Before any payment representing Tax Exempt Governmental Lender Note proceeds shall be made from the Project Fund, the Regulatory Agreement and the Deed of Trust shall have been executed and recorded in the official records of the County of Orange and there shall be filed with the Fiscal Agent a written requisition of the Borrower substantially in the form attached hereto as Exhibit "C" ("Requisition") and approved by the Funding Lender pursuant to the terms, conditions and provisions of the Borrower Loan Agreement, with a copy to the Governmental Lender. The Fiscal Agent shall be entitled to conclusively rely upon any Requisition in determining whether to disburse amounts from the Project Fund.

(d) In connection with a Requisition, except for a written request for amounts representing accrued interest due and payable on the Governmental Lender Notes:

(1) Only the signature of the Funding Lender shall be required on a Requisition during any period in which an Event of Default by the Borrower has occurred and is then continuing under the Borrower Loan Agreement (notice of which default has been given in writing by 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).

(2) The Fiscal Agent shall disburse amounts in the Project Fund upon receipt of a Requisition signed only by the Funding Lender (and without any need for any signature by an Authorized Borrower Representative), so long as the amount to be disbursed is to be used solely to make payments of principal, interest and/or fees due under the Funding Loan Documents.

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

(e) Upon receipt of each Requisition submitted by the Borrower and approved in writing by the Funding Lender, the Fiscal Agent shall promptly, but in any case within three Business

Days, make payment from the appropriate account within the Project Fund in accordance with such Requisition. The Fiscal Agent shall have no duty to determine whether any requested disbursement from the Project Fund complies with the terms, conditions and provisions of the Funding Loan Documents, constitutes payment of Qualified Project Costs or complies with the 97% Requirement. The approval in writing of a 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 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 Requisition constitute Qualified Project Costs or other permitted Project costs.

(f) The Fiscal Agent shall immediately provide written notice to the Borrower, the Funding Lender and the Governmental Lender if there are not sufficient funds available to or on deposit with the Fiscal Agent to make the transfers as and when required by Section 9.6(e). 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 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 Requisition signed by the Borrower Representative and countersigned by 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.

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

(h) Investment income earned on amounts on deposit in 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.

(i) The Funding Lender shall disburse the Funding Loan directly to the Funding Lender to pay accrued interest due and payable on the Governmental Lender Notes and will provide written notice of the amount of such disbursement to the Fiscal Agent within three (3) Business Days of the disbursement.

7.7 Rebate Fund. The Fiscal Agent shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto.

(a) 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.

(b) 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).

(c) 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 of the Tax Exempt Governmental Lender Note.

(d) 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 7.7 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.

(e) 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, 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 and will not impair the exclusion of interest on the Tax Exempt Portion of the Funding Loan from gross income for purposes of federal income taxation.

(f) 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.

(g) 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, subject to the Code. The Fiscal Agent shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the Rebate Fund is insufficient for its purposes.

(h) 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 Section 148(d) and (f) of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax Exempt Governmental Lender Note. In such event the Borrower shall be entitled to withdraw funds from the Rebate Fund to the extent the Borrower shall provide an opinion of Tax Counsel that such action will not impair the exclusion of interest on the Tax Exempt Portion of the Funding Loan from gross income for purposes of federal income taxation to the Governmental Lender and the Fiscal Agent with respect to such withdrawal.

(i) 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 Tax Exempt

Governmental Lender Note is repaid in full in order to enable the Borrower to make the computations required under Section 148(f) of the Code.

(j) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 7.7 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 an opinion of Tax Counsel that such action will not impair the excluding of interest on the Tax Exempt Portion of the Funding Loan from gross income for purposes of federal income taxation, a copy of which shall be provided to the Fiscal Agent.

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

8.1 General Representations. The Governmental Lender makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Governmental Lender is a public body, corporate and politic, organized and existing under the laws of the State of California, and has the power and authority to (i) enter into the Funding Loan Documents to which it is a party and undertake the transactions on its part contemplated thereby, (ii) incur the limited obligation represented by the Governmental Lender Note and the Funding Loan, and apply the proceeds of the Funding Loan to finance the Project, and (iii) carry out its other obligations under this Funding Loan Agreement and the Governmental Lender Note, and by proper action the Governmental Lender has duly authorized the Governmental Lender's execution and delivery of, and its performance under, the Funding Loan Documents to which it is a party.

(b) The Governmental Lender is not in default under or in violation of, and the execution and delivery of the Funding Loan Documents to which it is a party and its compliance with the terms and conditions thereof will not conflict or constitute a default under or a violation of, (i) the Act, (ii) any other existing laws, rules, regulations, judgments, decrees and orders applicable to it, or (iii) the provisions of any agreements and instruments to which the Governmental Lender is a party, a default under or violation of which would prevent it from entering into this Funding Loan Agreement, executing and delivering the Governmental Lender Notes, financing the Project, executing and delivering the other Funding Loan Documents to which it is a party or consummating the transactions contemplated thereby, and, to its knowledge, no event has occurred and is continuing under the provisions of any such agreement or instrument or otherwise that with the lapse of time or the giving of notice, or both, would constitute such a default or violation (it being understood, however, that the Governmental Lender is making no representations as to the necessity of registering the Governmental Lender Notes or the Borrower Notes pursuant to any securities laws or complying with any other requirements of securities laws).

(c) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the knowledge of the Governmental Lender, threatened against the Governmental Lender with respect to (i) the organization and existence of the Governmental Lender, (ii) its authority to execute or deliver the Funding Loan Documents to which it is a party, (iii) the validity or enforceability of any such Funding Loan Documents or the transactions contemplated thereby, (iv) the title of any officer of the Governmental Lender who executed such Funding Loan Documents or (v) any authority or proceedings relating to the execution and delivery of

such Funding Loan Documents on behalf of the Governmental Lender, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

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

(e) The California Debt Limit Allocation Committee has provided an allocation of the State's private activity bond volume cap under section 146 of the Code to the Governmental Lender for the Tax Exempt Governmental Lender Note, and the Governmental Lender has timely made any required carry forward elections with respect to such allocation. The Governmental Lender hereby elects to apply the alternative option under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue date of the Tax Exempt Governmental Lender Note; and, in connection therewith, has directed Tax Counsel to include the information on Form 8038 filed for the Tax Exempt Governmental Lender Note that is required by section 3.03 of said Notice.

THE GOVERNMENTAL LENDER MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE FUNDING LOAN OR THE BORROWER LOAN, OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

8.2 Encumbrance on Security. The Governmental Lender will not create or permit the creation of any mortgage, pledge, lien, charge or encumbrance of any kind on the Security or any part thereof.

8.3 Repayment of Funding Loan. Subject to the provisions of Articles 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.

8.4 Borrower Loan Agreement Performance.

(a) The Funding Lender, 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 and the Funding Lender in writing of the occurrence of any Borrower Loan Agreement Default, provided that the Governmental Lender has received written notice of such event.

8.5 Maintenance of Records; Inspection of Records.

(a) The Funding Lender shall keep and maintain adequate records pertaining to any funds and accounts established 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 Funding Lender 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 its 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 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.

8.6 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 Agreement 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 holder(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 take any action nor, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, 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 Tax Exempt Portion 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 Tax Exempt Portion 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 Tax Exempt Portion 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.

(g) In furtherance of the covenants in this Section, 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.

(h) For purposes of this Section, the Governmental Lender's compliance shall be based solely on matters within the Governmental Lender's knowledge and control and no acts, omissions or directions of the Borrower, the Funding Lender or any other Persons shall be attributed to the Governmental Lender.

(i) In complying with the foregoing covenants, the Governmental Lender may rely from time to time on a Tax Counsel No Adverse Effect Opinion or other appropriate opinion of Tax Counsel.

8.7 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, under the Borrower Loan Agreement, any Event of Default or Potential Default exists.

ARTICLE IX

DEFAULT; REMEDIES

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 Authority):

(a) A default in the payment of any interest upon 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) 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 the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after there has been given written notice, as provided in Section 12.1 hereof, to the Governmental Lender and the Borrower by the Funding Lender, 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 sixty (60) days unless extended in writing by the Funding Lender) within which to cure such default; or

(d) A default in the payment of any of the 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).

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, the Borrower and the Tax Credit Investor 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.

Notwithstanding anything to the contrary contained herein, Funding Lender and Governmental Lender hereby agree that any cure of a Default or Event of Default under the Funding Loan Documents made or tendered by the Tax Credit Investor shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Copies of all notices which are sent to Borrower hereunder shall also be sent to the Tax Credit Investor.

(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 have 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.

9.3 Additional Remedies; Funding Lender Enforcement.

(a) Upon the occurrence and continuation of an Event of Default, the Funding Lender may, subject to the provisions of this Section 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 Uniform Commercial Code applicable thereto or as are available under any other applicable law at the time in effect and, without limiting the generality of the foregoing, the Funding Lender 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 Deed of Trust 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 Deed of Trust, 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 Tax Exempt Governmental Lender Note, and provided that the Governmental Lender may seek specific performance by the Borrower to enforce the Unassigned Rights.

(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 Tax Credit 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, 4.10 or 4.11 of the Borrower Loan Agreement for fees, expenses or indemnification, the Funding Lender shall have the right to exercise all its rights and remedies thereunder (subject to the last paragraph of Section 9.14 hereof).

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 Governmental Lender, the Funding Lender, and the Rebate Analyst;

(b) Second: To the payment of the whole amount of the Funding Loan, as evidenced by the Governmental Lender Note, then due and unpaid in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the 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.

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.

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.

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.

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.

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.

9.10 Remedies Under Borrower Loan Agreement or Borrower Notes. As set forth in this Section 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 has been accelerated or declared due and payable by reason of an Event of Default.

9.11 Waiver of Appraisal 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 appraisal, 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.

9.12 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.

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.

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

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 and the Governmental Lender. 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.

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.

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) to the extent 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

AGENCY

11.1 Appointment of Funding Lender as Agent. The Governmental Lender hereby irrevocably appoints the Funding Lender as its agent with full authority and power to act on its behalf for the purposes set forth herein and to do all other acts necessary or incidental to the performance and execution thereof, except for the Unassigned Rights.

11.2 Authority of the Funding Lender. The Funding Lender is authorized and agrees to advance monies on behalf of the Governmental Lender to fund the Borrower Loan upon satisfaction of the conditions set forth in the Borrower Loan Agreement and the Covenant Agreement and otherwise to act on behalf of the Governmental Lender under the Borrower Loan Documents, except for the Unassigned Rights. Except for the Unassigned Rights, the Funding Lender is hereby authorized, directed and empowered to exercise all the rights, powers or remedies of the Governmental Lender under the Borrower Loan Agreement and the other Borrower Loan Documents, and to make all determinations and exercise all options and elections thereunder, without the necessity of further advice or consultation with, or consent or authorization by, the Governmental Lender, and all actions taken by the Funding Lender under the Borrower Loan Agreement or any of the other Borrower Loan Documents shall be valid and shall have the same force and effect, as if taken by the Governmental Lender. The Funding Lender shall have the right to exercise any rights, remedies, conferred on the Governmental Lender pursuant to the Borrower Loan Documents (except for the Unassigned Rights) as may be necessary or convenient to (i) enforce the payment of any amounts owing by Borrower under the Borrower Loan Documents and prepayments thereof, or (ii) otherwise to protect the interest of the Governmental Lender or Funding Lender upon a default by Borrower under the Borrower Loan Documents. The Funding Lender agrees to provide the Governmental Lender any notices given by it or delivered to it pursuant to the Borrower Loan Agreement regarding the occurrence of a Borrower Loan Agreement Default, the acceleration of the Borrower Loan or the foreclosure of the Deed of Trust. The Funding Lender may execute amendments to the Borrower Loan Documents (other than with respect to the Unassigned Rights); provided that Funding Lender shall provide written notice to Governmental Lender of any amendment to the Borrower Note, the Borrower Loan Agreement or any Borrower Loan Document. The Funding Lender shall have the right to collect all payments and other amounts received by the Governmental Lender from or on behalf of the Borrower pursuant to the Borrower Loan Agreement or the other Borrower Loan Documents, including prepayments thereof, except for payments of fees owing by the Borrower to the Governmental Lender in respect of the Unassigned Rights.

11.3 Successor Agent. Anything herein to the contrary notwithstanding, any corporation or association into which the Funding Lender may be converted or merged or with which it may be consolidated or to which it may sell or transfer its business and assets as a whole or substantially as a whole or any corporation or association resulting from any conversion, sale, merger, consolidation or transfer to which it is a party will, ipso facto, be and become the Funding Lender hereunder and vested with all of the title to the whole property and all the powers, discretion, immunities, privileges, obligations and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of the parties hereto.

11.4 Consent to Assignment. The Governmental Lender agrees that Funding Lender shall have the right to assign all of its rights under this Funding Loan Agreement, and under all instruments and documents executed by the Governmental Lender pursuant to this Agreement, to an Affiliate of

Funding Lender, or to a subsequent owner of all of the Governmental Lender Notes and the Funding Loan as permitted under Section 2.4 or an Affiliate thereof. The Funding Lender will advise the Governmental Lender in writing of any such assignment and the Governmental Lender will execute and deliver to Funding Lender any documents (at the expense of the Funding Lender) necessary to effectuate such assignment in forms provided by the Funding Lender, and will not take any action to impair Funding Lender's right to assign such rights pursuant to this Section.

11.5 Power of Attorney. The Governmental Lender hereby irrevocably makes, constitutes and appoints the Funding Lender (and any of the Funding Lender's officers, employees or agents, as appropriate and as designated by the Funding Lender) as the Governmental Lender's true and lawful attorney-in-fact with full power of substitution, subject to the Unassigned Rights, to (a) sign in the name of the Governmental Lender any assignments, notices of default, notices of election to sell, assignments and substitutions of trustee or similar documents necessary or appropriate to enforce the remedies of the Governmental Lender under the Borrower Loan Agreement, the Borrower Notes, the Deed of Trust or any of the other Borrower Loan Documents, including complaints, motions and any other pleadings necessary to secure the appointment of a receiver under the Deed of Trust, (b) to appear in any bankruptcy, insolvency, reorganization, condemnation or other action or proceeding, and (c) to prepare applications for, negotiate and settle claims, and collect any distribution, award or other amount becoming payable through or as the result of (i) any such proceedings, (ii) any insured or uninsured casualty loss, or (iii) any condemnation, taking or conveyance in lieu of condemnation of any of the assets that are the subject of the Borrower Loan Agreement, the Borrower Notes, the Deed of Trust or the other Borrower Loan Documents. The power of attorney granted by the Governmental Lender to the Funding Lender hereunder, being coupled with the Funding Lender's interest in the Funding Loan, is irrevocable until all of the obligations of Governmental Lender under the Governmental Lender Notes have been satisfied and discharged in full.

11.6 Acceptance. The Funding Lender hereby accepts the assignments and pledge of the Security made herein for the purpose of securing the payments due pursuant to the Funding Loan Agreement.

11.7 Conditions. This Article XI shall confer no obligations or impose no duties upon the Funding Lender beyond those expressly provided in this Funding Loan Agreement and the Borrower Loan Agreement. This Article XI shall confer no obligations or impose no duties upon the Governmental Lender beyond those expressly provided in this Funding Loan Agreement.

ARTICLE XII

THE FISCAL AGENT

12.1 Appointment of Fiscal Agent; Acceptance. The Governmental Lender hereby appoints the Fiscal Agent as the 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.

12.2 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. These duties shall be deemed purely ministerial in nature, the Fiscal Agent shall not be liable except for the performance of such duties, and no implied

covenants or obligations shall be read into this Funding Loan Agreement against the Fiscal Agent. The Fiscal Agent shall be entitled to request and receive written instructions from the Governmental Lender or the Funding Lender and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Fiscal Agent in accordance with the written direction of the Governmental Lender or the Funding Lender.

(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 12.2(c)(1) through (5) hereof, use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(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:

(1) This subsection shall not be construed to limit the effect of Section 12.2(a);

(2) The Fiscal Agent shall not be liable for any actions taken or errors of judgment made in good faith by it or any of its officers, employees or agents, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts;

(3) 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 trust or power conferred upon the Fiscal Agent under this Funding Loan Agreement;

(4) In no event shall the Fiscal Agent be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Fiscal Agent has been advised of the likelihood of such loss or damage and regardless of the form of action; and

(5) 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.

(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 12.2.

(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, and, with respect to such permissive rights, the Fiscal Agent shall not be answerable for other than its negligence or willful misconduct.

12.3 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 Tax Credit Investor, and the Funding Lender, in the manner and at the addresses for notices set forth in Section 13.1 hereof, notice of such default hereunder known to the Fiscal Agent pursuant to Section 12.4(g) hereof, unless such default shall have been cured or waived.

12.4 Certain Rights of Fiscal Agent. Except as otherwise provided in Section 12.1 hereof:

(a) The Fiscal Agent may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, judgment, decree, 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, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein;

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

(c) Whenever in the administration of this Funding Loan Agreement 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 conclusively rely upon a written certificate of the Funding Lender 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 at the request or direction of the Funding Lender, pursuant to this Funding Loan Agreement, unless the Funding Lender shall have furnished to the Fiscal Agent in writing security or indemnity (satisfactory to the Fiscal Agent in its sole and absolute discretion) 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 finally adjudicated to have directly resulted from its own negligence or willful misconduct;

(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, judgment, decree, 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 trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and pay reasonable

compensation thereto and the Fiscal Agent shall not be responsible for any acts or omission of any such agent or attorney appointed with due care by it hereunder. The Fiscal Agent shall be entitled to rely on and shall not be liable for any action taken or omitted to be taken by the Fiscal Agent in accordance with the advice of counsel or other professionals retained or consulted by the Fiscal Agent. The Fiscal Agent may, at the expense of the Funding Lender, request, rely and act in accordance with officer's certificates, upon the advice and opinions 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 accordance with said certificates, advice and/or opinions;

(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 fee owing to the Governmental Lender pursuant to the Regulatory Agreement when due, unless a Responsible Officer of the Fiscal Agent shall have actual knowledge of such default by written notice from the Governmental Lender 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 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;

(h) Neither the Fiscal Agent nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Governmental Lender, CNF, the Borrower, or any of their directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Fiscal Agent may assume performance by all such persons of their respective obligations. The Fiscal Agent shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other person; and

(i) The Fiscal Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Funding Loan Agreement arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; quarantine restrictions; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

12.5 Not Responsible for Recitals.

(a) 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 any revenues pledged hereunder, 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.

(b) 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.

(c) 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.

(d) 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.

12.6 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.

12.7 Moneys Held in Trust. Moneys held by the Fiscal Agent in trust hereunder need not be segregated from other funds except to the extent 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.

12.8 Compensation and Reimbursement.

(a) 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.

(b) 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.

(c) The Governmental Lender has no obligation to pay the Fiscal Agent for services rendered.

(d) As security for the performance of the obligations of the Borrower under this Section 12.8 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.

(e) 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.

12.9 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 of California 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.

12.10 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 XII shall become effective until the written acceptance by the successor Fiscal Agent of such appointment.

(b) The Fiscal Agent may resign and be discharged from its duties and obligations hereunder at any time by giving 30 calendar days' written notice thereof to the Governmental Lender, the Borrower, 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 calendar days after the giving of such notice of resignation, the resigning Fiscal Agent may (at the sole expense of the Funding Lender) petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent and for other appropriate relief.

(c) The Fiscal Agent may be removed at any time with 30 calendar days' written notice by (i) the Governmental Lender, with the written consent of the Funding Lender not to be unreasonably 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 in their sole and absolute discretion, 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 not to be unreasonably withheld. In case all or substantially all of the revenues pledged hereunder 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 calendar days after such resignation, removal or incapability or the occurrence of such vacancy, the Governmental Lender has failed to so appoint a successor Fiscal Agent, then a successor Fiscal Agent shall be appointed by the Funding Lender (from any of the institutions approved by the Governmental Lender to serve as a fiscal agent or trustee) with written notice thereof delivered to the Governmental Lender, the Borrower, 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 (at the sole expense of the Funding Lender) petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent and for other appropriate relief.

(e) The retiring Fiscal Agent shall cause written notice of each resignation and each removal of the Fiscal Agent and, subject to Section 12.11 hereof, 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.

12.11 Acceptance of Appointment by Successor.

(a) Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to the Governmental Lender and to the retiring Fiscal Agent an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Fiscal Agent shall become effective and such successor Fiscal Agent, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Fiscal Agent; notwithstanding the foregoing, on request of the Governmental Lender or the successor Fiscal Agent, such retiring Fiscal Agent shall, upon payment of its compensation, fees and other charges (including fees, costs and expenses of its counsel, as applicable), execute and deliver an instrument conveying and transferring to such successor Fiscal Agent upon the trusts herein expressed 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, powers and trusts.

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

12.12 Merger, 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 XII, 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.

12.13 Appointment of Co-Fiscal Agent.

(a) 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.

(b) 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.

(c) 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 it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request of the Fiscal Agent, be executed, acknowledged and delivered by the Governmental Lender. In case any separate fiscal agent or co-fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, 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.

12.14 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.

12.15 Financing Statements. The Fiscal Agent shall have no obligation to give, execute, deliver, file, record, authorize or obtain any financing statements, notices, instruments, documents, agreements, consents or other papers as shall be necessary to (i) create, preserve, perfect or validate the security interest granted to the Fiscal Agent pursuant to the Funding Loan Documents or (ii) enable the Fiscal Agent to exercise and enforce its rights under the Funding Loan Documents with respect to such pledge and security interest. In addition, the Fiscal Agent shall have no responsibility or liability (i) in connection with the acts or omissions of the Governmental Lender, the Borrower or the Funding Lender in respect of the foregoing or (ii) for or with respect to the legality, validity and enforceability of any security interest created in the Security or the perfection and priority of such security interest.

12.16 Loan Servicing. Governmental Lender and Fiscal Agent each acknowledges, agrees and waives any right to assert anything to the contrary that (a) CNF shall have the right to appoint, in its sole and absolute discretion, a Person to service and administer the Funding Loan and the Borrower Loan (the "Servicer"), which appointment may be subject to a separate agreement between CNF and Servicer, (b) CNF hereby appoints City National Bank, a national banking association, to service and administer the Funding Loan and the Borrower Loan, (c) any references herein to any determinations, consents, approvals, disapprovals, calculations, requirements, requests, acts, actions, elections, selections, opinions, judgments, exercise of rights, remedies or indemnities, satisfaction of conditions or other decisions of or to be made by CNF (collectively, "Determinations") if made by the Servicer will have the same force and effect as if made by CNF, with Governmental Lender and Fiscal Agent entitled to rely on any Determinations made by Servicer as having been made by CNF, (d) any information or notice delivered to Servicer shall have the same effect as if delivered to CNF, (e)

Servicer is acting on behalf of CNF and as such is afforded all indemnifications, limitations on liability and other protections provided to CNF, (f) CNF may, in its sole discretion, terminate or replace the Servicer, and (g) Servicer is a third-party beneficiary to each of the Funding Loan Documents and Borrower Loan Documents. Neither the Governmental Lender or the Fiscal Agent shall be responsible for monitoring the performance of the Servicer or for any acts or omissions of the Servicer.

ARTICLE XIII

MISCELLANEOUS

13.1 Notices. All notices, consents, approvals and requests required or permitted hereunder or under any other Borrower Loan Document or Funding Loan Document (a “notice”) shall be 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:	County of Contra Costa Department of Conservation and Development 30 Muir Road Martinez, California 94553 Attention: Affordable Housing Program Manager Telephone: (925) 655-2885
--------------------------------	--

If to the Borrower:	c/o Eden Housing, Inc. 22645 Grand Street Hayward, CA 94541 Attention: _____ Telephone: _____ Email: _____
---------------------	---

with a copy to :	MCC Housing LLC c/o Merritt Community Capital Corporation 1901 Harrison Street, Suite 1650 Oakland, California 94612 Attention: President & CEO
------------------	---

with a copy to :	Bocarsly Emden Esmail Cowan & Arndt LLP 633 W. Fifth Street, Suite 5880 Los Angeles, CA 90017 Attention: Rachel Rosner
------------------	---

with a copy to:

Gubb & Barshay
235 Montgomery Street, Suite 1110
San Francisco, CA 94104
Attention: Evan Gross
Telephone: (415) 781-6600 x 6
Email: egross@gubbandbarshay.com

If to Funding Lender:

CN Financing, Inc.
c/o City National Bank
555 South Flower Street, 19th Floor
Attention: Keith Wan
Email: Keith.Wan@cnb.com

with a copy to:

CN Financing, Inc.
c/o City National Bank
555 South Flower Street, 18th Floor
Los Angeles, CA 90071
Attention: Office of the General Counsel
Email: LegalDiv.Credit@cnb.com

If to the Fiscal Agent:

U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Michelle Knutson
Telephone: (415) 677-3597
Email: Michelle.Knutson@usbank.com

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 electronic transmission, telex, telegraph or other telecommunication device, provided any telecopy or other electronic transmission received by any party after 5:00 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.

13.2 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.

13.3 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.

13.4 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 after such date and prior to the date of payment.

13.5 Governing Law. This Funding Loan Agreement and the Governmental Lender Notes shall be governed by and shall be enforceable in accordance with the laws of the State applicable to contracts made and performed in the State without regard to choice of law rules.

13.6 Entire Agreement; Severability. This Funding Loan Agreement, the Funding Loan Notes and the other Funding Loan Documents constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between the Governmental Lender and the Funding Lender with respect to the subject matter hereof. 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.

13.7 Counterparts/Electronic Signatures. This Funding Loan Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. Delivery of a signature page to, or an executed counterpart of, this document by facsimile, email transmission of a scanned image, or other electronic means, shall be effective as delivery of an originally executed counterpart. The words "execution," "signed," "signature," and words of like import in this document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity, or enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, Electronic Signatures in Global and National Commerce Act, any other similar state laws

based on the Uniform Electronic Transactions Act or the Uniform Commercial Code, and the parties hereto hereby waive any objection to the contrary.

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

13.9 Judicial Reference. It is the desire and intention of the parties to agree upon a mechanism and procedure under which any controversy, lawsuit, breach, or dispute arising out of or relating to this Funding Loan Agreement or any other Funding Loan Document will be resolved in a prompt and expeditious manner. Accordingly, any controversy, lawsuit, breach, or dispute arising out of or relating to this Funding Loan Agreement or any other Funding Loan Document or relating to the interpretation of any term or provision of such documents (collectively, "Claim"), shall be heard and determined by a referee appointed and acting pursuant to a consensual general reference pursuant to the provisions of California Code of Civil Procedure, Sections 638, et seq., inclusive (as same may be amended, or any successor statute(s) thereto). It is the parties' intention that the matter be heard by a single referee. The parties shall agree upon a single referee who shall then try all issues, whether of fact or law, and report a statement of decision which either party may file with the clerk or judge, and judgment shall be entered thereon. If the parties are unable to agree upon a referee within ten (10) days of a written request to do so by any party, then any party may thereafter seek to have a referee appointed pursuant to California Code of Civil Procedure Sections 638 through 640. The parties agree that the referee(s) shall have the power to decide all issues of fact and law and shall report a statement of decision hereon, and to issue all legal and equitable relief appropriate under the circumstances before him or her; provided, however, that the referee shall not have the power to award special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), nor any other damages which are not permitted by the express provisions of this agreement, and the parties hereby waive any right to recover any such damages. The parties further agree that referee shall be empowered to rule on any motion which would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The parties shall be entitled to conduct all discovery as provided in the California Code of Civil Procedure, and the referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge, with rights to regulate discovery and to issue and enforce subpoenas, protective orders and other limitations on discovery available under California law. the reference proceeding shall be conducted in accordance with California law (including, without limitation, the rules of evidence), and in all regards, the referee shall follow California law applicable at the time of the reference proceeding, without regard to choice of law rules. The parties shall promptly and diligently cooperate with one another and the referee(s) and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of the dispute or controversy in accordance with the terms hereof. In accordance with Section 644 of the California Code of Civil Procedure, the decision of the referee upon the whole issue must stand as the decision of the court, and upon the filing of the statement of decision with the clerk of the court, or with the judge if there is no clerk, judgment may be entered thereon in the same manner as if the action had been tried by the court. Any decision of the referee and/or judgment or other order entered thereon shall be appealable to the same extent and in the same manner that such decision, judgment, or order would be appealable if rendered by a judge of the superior court in which venue is proper hereunder. The referee shall in his/her statement of decision set forth his/her findings of fact and conclusions of law. The referee(s) shall award legal fees and costs (including the fees of the referee(s)) related to this reference proceeding, and to any related litigation, in accordance with the terms of this Funding Loan Agreement.

(a) Other Remedies. No provision of this Section 13.9 shall limit the right of any party to exercise self-help remedies such as setoff, foreclosure against, or sale of, any real or personal property collateral or security, or to obtain provisional or ancillary remedies from a court of competent jurisdiction before, after, or during the pendency of any reference proceeding. The exercise of any one or more remedies does not waive the right of either party to resort to reference. At Funding Lender's option, foreclosure under the Deed of Trust may be accomplished either by exercise of power of sale under the Deed of Trust or by judicial foreclosure.

(b) Referee's Fees and Costs. The referee's fees and costs shall be paid in accordance with the terms of this Funding Loan Agreement. In the event the prevailing party pays the Referee's fees and costs, the prevailing party shall be entitled to recover such costs from the non-prevailing party as costs in the same manner as attorneys' fees and costs.

(c) Jury Waiver. By agreeing to judicial reference, the parties, to the fullest extent permitted by applicable law, irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Without intending in any way to limit the provisions of this Section, to the extent any Claim is not submitted to judicial reference, the parties irrevocably and voluntarily waive any right they may have to a trial by jury to the extent permitted by applicable law. **WHETHER THE CLAIM IS DECIDED BY JUDICIAL REFERENCE OR BY TRIAL, THE PARTIES AGREE AND UNDERSTAND THAT THE EFFECT OF THIS SECTION IS THAT THEY ARE GIVING UP THE RIGHT TO TRIAL BY JURY. EACH PARTY HERETO (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS FUNDING LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS, BY AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION, AND (iii) CERTIFIES THAT THIS WAIVER IS KNOWINGLY, WILLINGLY, AND VOLUNTARILY MADE.**

13.10 Successor to the Governmental Lender. The Governmental Lender will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to law or assure the assumptions of its obligations hereunder by any public trust or political subdivision succeeding to its powers.

13.11 Additional Instruments. The Governmental Lender hereby covenants to execute and deliver, or cause to be executed and delivered, at the expense of the Borrower, such additional instruments and to perform such additional acts, or cause the performance of such additional acts, as may be necessary, in the written opinion of the Funding Lender, acting in good faith, to carry out the intent of this Funding Loan Agreement and the Governmental Lender Notes or to perfect or give further assurances of any of the rights granted, or provided for in this Funding Loan Agreement, the Assignment of Deed of Trust or the other Funding Loan Documents.

13.12 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 Notes prepayments to be transferred to a custodian or trustee selected by the Governmental Lender, in lieu of application to prepay a like portion of the Governmental Lender Note, so long as the Governmental Lender simultaneously causes other funds to be applied to prepay such portion of the Governmental Lender Notes. 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 Funding Lender and the Governmental Lender have caused this Funding Loan Agreement to be duly executed by their respective representatives as of the date first written above.

FUNDING LENDER:

CN FINANCING, INC.,
a California corporation

By: _____

Name: _____

Title: _____

S-1

[Riverhouse Hotel -
Signature Page to Funding Loan Agreement]

GOVERNMENTAL LENDER:

COUNTY OF CONTRA COSTA, CALIFORNIA

By: _____
John Kopchik, Director
Department of Conservation and Development

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

By: _____
Name: _____
Title: _____

S-3

[Riverhouse Hotel -
Signature Page to Funding Loan Agreement]

EXHIBIT A

FORM OF GOVERNMENTAL LENDER NOTES

THIS GOVERNMENTAL LENDER NOTE MAY BE OWNED ONLY BY AN “APPROVED TRANSFEREE” (AS SUCH TERM IS DEFINED IN THE FUNDING LOAN AGREEMENT REFERENCED BELOW), 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 OR ANY INTEREST HEREIN TO ANOTHER APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT.

**COUNTY OF CONTRA COSTA, CALIFORNIA
MULTIFAMILY HOUSING REVENUE NOTE
(RIVERHOUSE HOTEL),
[2025 SERIES A (TAX EXEMPT)][2025 SERIES B (TAXABLE)]**

Dated _____, 2025

\$ _____

FOR VALUE RECEIVED, the undersigned COUNTY OF CONTRA COSTA (“Obligor”) promises to pay to the order of CN FINANCING, INC., a California corporation (together with its successors and assigns, “Holder”) the maximum principal sum of _____ (\$_____), on _____, 2025, or earlier as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

Obligor shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of _____ 1, 2025 (the “Funding Loan Agreement”), among Obligor, Holder and U.S. Bank Trust Company, National Association, in its capacity as fiscal agent (“Fiscal Agent”), an amount in immediately available funds sufficient to pay the principal amount of and prepayment premium, if any, on the Funding Loan then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts held 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 the Funding Loan in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of the Funding Loan so paid. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Funding Loan Agreement.

Obligor 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 the [Tax Exempt] [Taxable] Portion of the Funding Loan then due and payable in the amounts and at the rate or rates set forth in the Funding Loan Agreement.

The Funding Loan and this Governmental Lender Note are pass-through obligations relating to a construction loan (the “Borrower Loan”) made by Obligor from proceeds of the Funding Loan to Riverhouse Hotel, L.P., a California limited partnership, as borrower (the “Borrower”), under that

certain Borrower Loan Agreement, dated as of _____ 1, 2025 (as the same may be modified, amended or supplemented from time to time, the “Borrower Loan Agreement”), among the Obligor, Holder and the Borrower, evidenced by the [Tax Exempt] [Taxable] Borrower Note (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 Obligor, payable solely from the Pledged Revenues and other funds and moneys and Security pledged and assigned under the Funding Loan Agreement. None of the Obligor, the State or any political subdivision thereof (except the Obligor, to the limited extent set forth herein) 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 Obligor’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. The Obligor has no taxing power.

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 and Obligor shall not be obligated or required to pay, nor shall the Holder be permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Governmental Lender Note or of the Funding Loan Agreement, Obligor is required to pay interest at a rate in excess of the Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to the 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.

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.

Obligor shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement, but solely from the Pledged Revenues, the Security, or amounts provided by the Borrower.

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

This Governmental Lender Note (and the Funding Loan that it represents), and any interests herein or therein, are transferable by the registered owner hereof, but only in the manner, subject to the limitations and upon payment of the charges provided in the Funding Loan Agreement. Upon such transfer a new fully registered Governmental Lender Note will be issued to the transferee in exchange herefor. The Obligor and the Funding Lender may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Obligor and the Funding Lender shall not be affected by any notice to the contrary.

The Obligor hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Governmental Lender Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State (including the Housing Act) and that the amount of this Governmental Lender Note, together with all other indebtedness of the Obligor, does not exceed any limit prescribed by the Constitution or laws of the State.

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

COUNTY OF CONTRA COSTA, CALIFORNIA,
a public body, corporate and politic

By: _____
Chair of the Board of Supervisors

[Signature page to Governmental Lender Note]

EXHIBIT B

FORM OF REQUIRED TRANSFeree REPRESENTATIONS

_____, 20____

The undersigned, as owner (the “Holder”) of a loan (the “Funding Loan”) or an interest therein, in the aggregate face amount (maximum principal amount) of \$_____ from CN FINANCING, INC., a California corporation (the “Funding Lender”) to the COUNTY OF CONTRA COSTA, CALIFORNIA (the “Governmental Lender”) evidenced by the Governmental Lender’s Multifamily Housing Revenue Note (Riverhouse Hotel), 2025 Series A (Tax Exempt), dated as of _____, 2025 (the “Tax Exempt Governmental Lender Note”) and the Governmental Lender’s Multifamily Housing Revenue Note (Riverhouse Hotel), 2025 Series A (Taxable), dated as of _____, 2025 (the “Taxable Governmental Lender Note,” and, together with the Tax Exempt Governmental Lender Note, the “Governmental Lender Notes”), originated pursuant to a Funding Loan Agreement dated as of _____ 1, 2025 (the “Funding Loan Agreement”) among the Funding Lender, the Governmental Lender and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, in its capacity as fiscal agent, 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. The Holder is able to bear the economic risks of such investment.

2. The Holder acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable 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 Governmental Lender Notes and the Funding Loan and the Funding Loan and the security therefor so that, as a reasonable investor, the Holder has been able to make its decision to [extend/purchase] the Governmental Lender Notes and the Funding Loan or an interest therein. 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, nor expected, the Governmental Lender to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the financing or management thereof), or any other matter pertaining to the merits or risks of the transactions contemplated by the Funding Loan Agreement and the Borrower Loan Agreement, or the adequacy of the funds pledged to the Funding Lender to secure repayment of the Governmental Lender Notes.

3. The Holder is an Approved Transferee (as defined in the Funding Loan Agreement).

4. The Holder acknowledges that it is purchasing [an interest 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.

5. In the event any placement memorandum to be provided to any subsequent buyer or beneficial owner of such portion 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 Borrower Loan and 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. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Funding Loan Agreement.

[_____], as Holder

By: _____

Name: _____

Its: _____

[Signature page to Required Transferee Representations]

EXHIBIT C

FORM OF WRITTEN REQUISITION OF THE BORROWER

To: U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”) under that certain Funding Loan Agreement, dated as of _____ 1, 2025, among CN Financing, Inc., a California corporation, in its capacity as the funding lender, Anaheim Housing Authority, 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 7.6 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:
 - (i) there has been received no notice (A) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, and (B) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of the requisition;
 - (ii) such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;
 - (iii) the obligation stated on the requisition has been incurred in or about the rehabilitation or equipping of the Project, each item is a proper charge against the Project Fund, and the obligation has not been the basis for a prior requisition that has been paid;
 - (iv) such requisition, if to be paid with proceeds of the Tax Exempt Governmental Lender Note, contains no items representing any Costs of Issuance or any other amount constituting an issuance cost under Section 147(g) of the Code;
 - (v) not less than 97% of the sum of: (A) the amounts requisitioned by this Requisition to be funded with the proceeds of the Tax Exempt Governmental Lender Note plus (B) all amounts allocated to the Tax Exempt Governmental Lender 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
 - (vii) attached as Schedule I to this Requisition is an exhibit that allocates the amount requested hereby among the sources for payment.

Dated: _____

BORROWER:

By: _____

Name: _____

Title: _____

APPROVED:

CITY NATIONAL BANK,
a national banking association,
in its capacity as servicing agent
to funding lender

By: _____

Name: _____

Title: _____

SCHEDULE I
INVOICE