BOND PURCHASE AGREEMENT

Dated June __, 2026

by and among

STIFEL, NICOLAUS & COMPANY, INCORPORATED,

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO,

and

HILLCREST HALL LP

Relating to:

$18,200,000
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall)
2026 Series A-1 (Tax-Exempt)

and

$31,505,000
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall)
2026 Series A-2 (Taxable)

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BOND PURCHASE AGREEMENT

Stifel, Nicolaus & Company, Incorporated (the "*Underwriter*"), on its own behalf and not as your fiduciary, hereby offers to enter into this Bond Purchase Agreement dated June __, 2026 (this "*Purchase Contract*") with the Housing Authority of the City of San Diego (together with its successors and assigns, the "*Issuer*") and Hillcrest Hall LP, a California limited partnership (the "*Borrower*"), for the sale by the Issuer and the purchase by the Underwriter of the Bonds defined below which are being issued by the Issuer for the benefit of the Borrower. The Underwriter is an "underwriter" as defined in Section 2(a)(11) of the Securities Act of 1933, as amended (the "*1933 Act*"). This offer is made subject to the written acceptance hereof by the Issuer and the Borrower and delivery of such acceptance (in the form of one or more counterparts hereof) at or prior to 5:00 p.m., Eastern Time, on the date hereof, and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree in writing). Upon such acceptance, this Purchase Contract will be binding upon each of the Issuer, the Borrower and the Underwriter.

Section 1. Definitions and Background.

1.1 Capitalized terms used in this Purchase Contract but not defined herein have the meanings assigned to them in the Trust Indenture by and between the Issuer and [U.S. Bank Trust Company, National Association, a national banking association] (the "*Trustee*") relating to the Tax-Exempt Bonds (defined herein) (the "*Tax-Exempt Indenture*") and, if not defined therein, in the Trust Indenture by and between the Issuer and the Trustee relating to the Taxable Bonds (defined herein) (the "*Taxable Indenture*" and, collectively with the Tax-Exempt Indenture, the "*Indenture*"), both dated as of June 1, 2026.

1.2 This Purchase Contract is for the sale and delivery of the Issuer's $18,200,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) (the "Tax-Exempt Bonds") and its $31,505,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) (the "Taxable Bonds," and together with the Tax-Exempt Bonds, the "*Bonds*") which are being issued by the Issuer to provide financing for the Project. The Bonds will be issued pursuant to (i) that certain resolution of the Issuer adopted on May 12, 2026 (the "*Bond Resolution*"), (ii) Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "*Act*"), and (iii) the terms of the Indenture. The Bonds will be payable from sources pledged under the Indenture, including the moneys and securities from time to time held by the Trustee in the funds and accounts established under the terms of the Indenture (collectively, the "*Trust Estate*"). In connection with the issuance of the Bonds, the Issuer will execute and deliver this Purchase Contract; the Indenture; the Loan Agreements by and between the Issuer and the Borrower, each dated June 1, 2026 (collectively, the "*Loan Agreement*"); the Certificate as to Arbitrage and Certificate Regarding Use of Proceeds, each dated June __, 2026 (collectively, the "*Tax Certificate*"); and the Regulatory Agreement and Declaration of Restrictive Covenants among the Issuer, the Borrower, and the Trustee, dated as of June 1, 2026 (the "*Tax Regulatory Agreement*") (collectively, the "*Issuer Documents*"); and the Borrower will execute and deliver this Purchase Contract, the Loan Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement, the Tax Certificate, and the Tax Regulatory Agreement (collectively, the "*Borrower Documents*"). The Issuer Documents and the Borrower Documents are referred to herein as the "*Financing Documents*."

Section 2. Purchase and Sale.

2.1 Subject to the terms and conditions set forth in this Purchase Contract, the Underwriter hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Underwriter, at the Closing (as hereafter defined), $49,705,000 aggregate principal amount of its Bonds at a price set forth in Exhibit A attached hereto. [The Underwriter also hereby agrees to advance an additional amount equal to

$_____ as set forth under the Indenture (the "Underwriter's Advance"). The Underwriter will be reimbursed on or before the Closing Date by the Borrower for the Underwriter's Advance.]

2.2 The Bonds will (i) be issued pursuant to the Indenture and (ii) have the payment-related terms (that is, the dated date, maturity date, interest rate and price) set forth in Exhibit A attached hereto, and will otherwise correspond to the description thereof contained in the hereinafter-defined Official Statement.

2.3 Each of the Issuer, the Borrower and the Underwriter acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length, commercial transactions among the Issuer, the Borrower and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as an agent, advisor or fiduciary of the Issuer or the Borrower; (ii) the Underwriter has not assumed an advisory or fiduciary responsibility to the Issuer or the Borrower with respect to this Purchase Contract, the offering of the Bonds and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter, or any affiliate of the Underwriter, has provided other services or is currently providing other services to the Issuer or the Borrower on other matters); (iii) the only contractual obligations the Underwriter has to the Issuer and the Borrower with respect to the transaction contemplated hereby are those set forth in this Purchase Contract; (iv) the Underwriter has financial and other interests that differ from those of the Issuer and the Borrower; and (v) the Issuer and the Borrower have consulted with their own legal, accounting, tax, financial and other advisors, as applicable, to the extent they have deemed appropriate. The primary role of the Underwriter is to purchase the Bonds for resale to investors in an arm's-length commercial transaction among the Issuer, the Borrower and the Underwriter. Nothing in the foregoing paragraph is intended to limit the Underwriter's obligations of fair dealing under MSRB Rule G-17.

Section 3. Offering of Bonds and Establishment of Issue Price.

(a) It shall be a condition to the Underwriter's obligation to purchase, accept delivery of and pay for the Bonds that the entire principal amount of the Bonds shall be sold and delivered by the Issuer, at the Closing (as defined herein). The Underwriter agrees to make an initial bona fide public offering of all of the Bonds at the price(s) set forth in Exhibit A hereof. Following the initial public offering of the Bonds, and subject to the requirements of this Section 3, the offering prices may be changed from time to time by the Underwriter. The Underwriter represents that there were no Bonds sold by the Underwriter in the initial offerings to investors, the sale to whom, would require qualification under foreign law.

(b) The Underwriter agrees to assist the Issuer in establishing the issue price of the Tax-Exempt Bonds and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit E. If such certificate is insufficient to assist the Issuer in establishing the issue price of the Tax-Exempt Bonds, the Underwriter shall execute and deliver to the Issuer at Closing a certificate substantially in the form of Appendix A to Exhibit E to the extent necessary to assist the Issuer in establishing the issue price of the Tax-Exempt Bonds. The certificates actually delivered will have such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Jones Hall LLP ("Bond Counsel"), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Tax-Exempt Bonds.

(c) Except as otherwise set forth in Exhibit A attached hereto, the Issuer will treat the first price at which 10% of each maturity of the Tax-Exempt Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Contract, the Underwriter shall report to the Issuer the price or prices at which it has sold to the public each maturity of the Tax-Exempt Bonds. Maturities of the Tax-Exempt Bonds with respect to which the 10% test has been satisfied

as of the date of the Purchase Contract are identified on Exhibit A as "10% Test Maturities." If at that time the 10% test has not been satisfied as to any maturity of the Tax-Exempt Bonds, the Underwriter agrees to promptly report to the Issuer the prices at which it sells the unsold Tax-Exempt Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the 10% test has been satisfied as to the Tax-Exempt Bonds of that maturity or (ii) all Tax-Exempt Bonds of that maturity have been sold to the public; provided that, the Underwriter's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Issuer or Bond Counsel. For purposes of this Section 3, if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be treated as a separate maturity of the Tax-Exempt Bonds.

(d) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Tax-Exempt Bonds for which the 10% test has not been satisfied and for which the Issuer and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Tax-Exempt Bonds, the Underwriter will neither offer nor sell unsold Tax-Exempt Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriter has sold at least 10% of that maturity of the Tax-Exempt Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Issuer promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Tax-Exempt Bonds to the public at a price that is no higher than the initial offering price to the public.

(e) The Underwriter confirms that any selling group agreement and any third-party distribution agreement relating to the initial sale of the Tax-Exempt Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(i) (A) to report the prices at which it sells to the public the unsold Tax-Exempt Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Tax-Exempt Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Tax-Exempt Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter and as set forth in the related pricing wires,

(ii) to promptly notify the Underwriter of any sales of Tax-Exempt Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Tax-Exempt Bonds to the public (each such term being used as defined below), and

(iii) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(f) The Issuer acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) the agreement of the Underwriter to comply with the requirements for establishing issue price of the Tax-Exempt Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Tax-Exempt Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Tax-Exempt Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Tax-Exempt Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Tax-Exempt Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Tax-Exempt Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Tax-Exempt Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Tax-Exempt Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Tax-Exempt Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Tax-Exempt Bonds.

(g) The Underwriter acknowledges that sales of any Tax-Exempt Bonds to any person that is a related party to an underwriter participating in the initial sale of the Tax-Exempt Bonds to the public (as such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Tax-Exempt Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Tax-Exempt Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Tax-Exempt Bonds to the public),

(iii) a purchaser of any of the Tax-Exempt Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Purchase Contract by all parties.

Section 4. Closing.

Subject to the terms and conditions hereof, the delivery of the Bonds and the payment of the purchase price of the Bonds as set forth in Exhibit A hereof (the "*Closing*") will take place at 10:00 a.m. Eastern Time on June __, 2026, or at such other time or on such other date mutually agreed upon by the Issuer, the Borrower and the Underwriter, which date shall be referred to herein as the "*Closing Date*."

Section 5. Official Statement; Disclosure Matters.

5.1 The Issuer and the Borrower each hereby (a) confirms its consent to the use by the Underwriter of the Preliminary Official Statement with respect to the Tax-Exempt Bonds and the Preliminary Official Statement with respect to the Taxable Bonds, both dated June __, 2026, (collectively referred to as the "*Preliminary Official Statement*") in the marketing of the Bonds and (b) authorizes the Underwriter to prepare, use and distribute (at the expense of the Borrower) the Official Statement with respect to the Tax-Exempt Bonds and the Official Statement with respect to the Taxable Bonds, both dated June __, 2026 (collectively referred to as the "*Official Statement*") in final form in connection with the offering and sale of the Bonds.

5.2 The Issuer and the Borrower each agrees to the extent required and permitted by applicable law to cooperate (at the sole cost and expense of the Borrower) with the Underwriter so as to enable the Underwriter to comply with the requirements of Rule 15c2-12 ("*Rule 15c2-12*") under the Securities Exchange Act of 1934, as amended (the "*1934 Act*"), and any other rules of the Securities and Exchange Commission (the "*SEC*") and the Municipal Securities Rulemaking Board (the "*MSRB*"), in connection with the offer and sale of the Bonds.

5.3 The Issuer and the Borrower hereby make the following representations in subsection (a) and (b) respectively:

(a) The Issuer hereby certifies and agrees that the information in the Preliminary Official Statement under the captions "THE ISSUER" and "ABSENCE OF LITIGATION – The Issuer" has been "deemed final" by the Issuer as of the date of the Preliminary Official Statement, except for final information as to the offering prices, interest rates, selling compensation, amount of proceeds, delivery dates, other terms depending on such factors, and other information permitted to be omitted under part (b)(1) of Rule 15c2-12.

(b) The Borrower hereby certifies and agrees that the Preliminary Official Statement has been "deemed final" by the Borrower as of its date, except for final information as to the offering prices, interest rates, selling compensation, amount of proceeds, delivery dates, other terms depending on such factors, and other information permitted to be omitted under part (b)(1) of Rule 15c2-12.

5.4 The Issuer and the Borrower hereby make the following representations in subsection (a) and (b), respectively:

(a) The Issuer hereby represents that the information in the Preliminary Official Statement as of its date and the Official Statement as of its date under the captions "THE ISSUER" and "ABSENCE OF LITIGATION – The Issuer" is true and correct in all material respects and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(b) The Borrower hereby represents that the information in the Preliminary Official Statement (as of its date and as of the date hereof) and the Official Statement (as of its date and will be as of the Closing Date) is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

5.5 The Issuer and the Borrower will, at the sole expense of the Borrower, supply to the Underwriter the Official Statement, in such quantity as may be requested by the Underwriter no later than the earlier of (i) seven (7) business days after the date of this Purchase Contract or (ii) one (1) business day prior to the Closing Date, in order to permit the Underwriter to comply with Rule 15c2-12, and the applicable rules of the MSRB, with respect to distribution of the Official Statement. The Borrower shall provide to the Underwriter the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB's Rule G-32 no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32.

5.6 During the period commencing on the date of this Purchase Contract and ending on the earlier of (a) 90 days from the End of the Underwriting Period or (b) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days following the End of the Underwriting Period (the "*Update Period*"), if any event shall occur which would cause the Preliminary Official Statement or the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and in the judgment of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer (to the extent of the provisions referred to in Section 5.4(a) hereof) and the Borrower will, at the sole expense of the Borrower, prepare or cooperate in the preparation of such supplement or amendment to the Official Statement in a form approved by the Underwriter and furnish or cooperate in the furnishing to the Underwriter (at the sole expense of the Borrower) a reasonable number of copies of an amendment of, or a supplement to the Official Statement so that, as supplemented or amended, it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading. If the Official Statement is so supplemented or amended prior to the Closing, the approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Purchase Contract in accordance with the provisions of Section 12(c) hereof. The "*End of the Underwriting Period*" means the later of the delivery of the Bonds by the Issuer to the Underwriter or when the Underwriter no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public; provided, that the "*End of the Underwriting Period*" shall be deemed to be the Closing Date, unless the Underwriter otherwise notifies the Issuer and the Borrower in writing prior to such date that there is an unsold balance of the Bonds, in which case the End of the Underwriting Period shall be deemed to be extended for 30 days. The deemed End of the Underwriting Period may be extended for two additional periods of 30 days each upon receipt of an additional written notification from the Underwriter containing the same information as required in the initial written notice.

5.7 If, during the Update Period, the Issuer becomes aware of any event relating to the information concerning the Issuer under the captions "THE ISSUER" and "ABSENCE OF LITIGATION – The Issuer" of the Preliminary Official Statement or the Official Statement which would cause such portions of the Preliminary Official Statement or the Official Statement to contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, the Issuer will promptly notify the Underwriter of such event.

5.8 The Issuer shall promptly advise the Underwriter, during the Update Period, of any action, suit, proceeding, inquiry or investigation against the Issuer, of which the Issuer has actual knowledge, seeking to prohibit, restrain or otherwise affect the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bonds.

5.9 If, during the Update Period, the Borrower becomes aware of any event which would cause the Preliminary Official Statement or the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, the Borrower will promptly notify the Underwriter and the Issuer of such event.

5.10 The Borrower shall promptly advise the Underwriter, during the Update Period, of any action, suit, proceeding, inquiry or investigation against the Borrower, of which it receives written or actual notice, seeking to prohibit, restrain or otherwise affect the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bonds.

5.11 The Borrower represents and warrants to the Underwriter and the Issuer that neither the Borrower nor any affiliates thereof are in default under any undertakings with respect to continuing disclosure requirements designed to comply with Rule 15c2-12 in connection with any issue of municipal securities.

Section 6. Representations of the Issuer.

6.1 In addition to the representations contained in Section 5 herein, the Issuer hereby makes the following representations to the Underwriter:

(a) The Issuer is a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State"), and has full power and authority under the Act to adopt the Bond Resolution and to enter into and to perform its obligations under the Issuer Documents; and when executed and delivered by the respective parties thereto, the Issuer Documents will constitute the legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against units of government of the State;

(b) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has approved and authorized the distribution of the Preliminary Official Statement and the Official Statement and authorized and approved the execution and delivery of the Issuer Documents and the consummation by the Issuer of the transactions contemplated thereby;

(c) To the knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending, or threatened against the Issuer seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the Issuer taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, in any way contesting the validity or enforceability of the Issuer Documents or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the existence or powers of the Issuer relating to the sale of the Bonds;

(d) The execution and delivery by the Issuer of the Issuer Documents and compliance with the provisions on the Issuer's part contained therein will neither (i) conflict with or constitute a material breach of or default under any law, administrative regulation, judgment or decree to which the Issuer is subject, (ii) conflict with any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, nor (iii) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer under the terms of any such law, administrative regulation, judgment, decree, loan agreement, financing agreement, indenture, bond, security, note, resolution, agreement or other instrument, except as provided by the Issuer Documents;

(e) Except as may be required under Blue Sky or other securities laws of any state and for filings to be made with the Internal Revenue Service on Form 8038, to the Issuer's knowledge, there is no consent, approval, authorization or other order of, or filing with, or certification by, any state court, or state or federal governmental agency, or public body of any state required for the execution and delivery of the Issuer Documents or the consummation by the Issuer of the transactions on its part contemplated herein or therein, which has not been duly obtained or made on or prior to the date hereof;

(f) Upon delivery of the Bonds, the Issuer will have good right, full power and lawful authority to pledge and assign the Trust Estate described in the Indenture to the Trustee as provided in the Indenture and the Bond Resolution;

(g) The Issuer has complied in all material respects with the Bond Resolution and the Issuer Documents; and

(h) The Bonds, when delivered in accordance with the Indenture and paid for by the Underwriter on the Closing Date as provided herein, will be validly issued and outstanding special, limited obligations of the Issuer entitled to all the benefits and security of the Indenture.

6.2 The execution and delivery of this Purchase Contract by the Issuer shall constitute a representation by the Issuer to the Underwriter that the representations and agreements contained in this Section are true as of the date hereof; provided, however, that as to information furnished by the Borrower pursuant to this Purchase Contract, the Issuer is relying solely on such information in making the Issuer's representations and agreements, and as to all matters of law the Issuer is relying on the advice of Bond Counsel; and provided further, that no member, officer, agent or employee of the Issuer shall be individually liable for the breach of any representation, or agreement contained herein.

6.3 It is understood that the representations and covenants of the Issuer contained in this Section 6 and elsewhere in this Purchase Contract shall not create any general obligation or liability of the Issuer, and that any obligation or liability of the Issuer hereunder or under the Issuer Documents is payable solely out of the Trust Estate established under the Indenture. It is further understood and agreed that the Issuer makes no representations, except as set forth in Section 5.4(a) above, as to the Official Statement, or as to (i) the financial condition, results of operation, business or prospects of the Borrower or the Project, (ii) any statements (financial or otherwise), representations, documents or certification provided or to be provided by the Borrower in connection with the offer or sale of the Bonds, or (iii) the correctness, completeness or accuracy of such statements, representations, documents or certifications.

Section 7. Representations and Warranties of the Borrower.

7.1 In addition to the representations and warranties made in Section 5 herein, the Borrower hereby makes the following representations and warranties to the Underwriter and the Issuer, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Borrower is a limited partnership duly organized and existing under and pursuant to the laws of the State and is qualified to own the Project and conduct its business in the State.

(b) The Borrower has, and as of the Closing Date will have, full legal right, power and authority to (i) execute and deliver the Borrower Documents, (ii) assist in the preparation, distribution and use of the Preliminary Official Statement and the Official Statement, and (iii) otherwise consummate the transactions contemplated by the Borrower Documents.

(c) The Borrower has duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the Borrower Documents, (iii) preparation of the Preliminary Official Statement and the Official Statement, and (iv) consummation by the Borrower of all of the transactions contemplated by the Borrower Documents.

(d) The Borrower Documents are, and, when executed and delivered by the Borrower and the other parties thereto, will be, the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(e) All consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower for the execution and delivery by the Borrower of the Borrower Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing.

(f) The execution and delivery by the Borrower of the Borrower Documents and the consummation by the Borrower of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under (i) the organizational documents of the Borrower, (ii) any applicable law, rule, regulation, judgment, decree, order or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties are bound.

(g) There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any partner or member of the Borrower, in their respective capacities as such, nor, to the knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds, the use of the Preliminary Official Statement or the Official Statement in the marketing of the Bonds or the collection of revenues pledged under or pursuant to the Borrower Documents or (ii) which would in any way contest or affect the organization or existence of the Borrower or the entitlement of any officer of the Borrower to its position or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Borrower of the transactions

contemplated by the Preliminary Official Statement, the Official Statement or the Borrower Documents, (B) the validity or enforceability of the Bonds, the Borrower Documents or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds or (D) the financial condition or operations of the Borrower, (iv) which contests in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or (v) which questions the power or authority of the Borrower to carry out the transactions on its part contemplated by the Preliminary Official Statement, the Official Statement and the Borrower Documents, or the power of the Borrower to own or operate the Project. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(h) On the Closing Date, the Borrower shall not have granted any interests in or rights or options to sell the Bonds to any other party.

(i) All permits (including building permits), licenses and authorizations necessary for the ownership and operation of its Project in the manner contemplated by the Preliminary Official Statement, the Official Statement and each of the Borrower Documents have been obtained or will be obtained, and said ownership and operation are not in conflict with any zoning or similar ordinance applicable to the Project. The Project conforms to all material environmental regulations.

(j) None of the Borrower, any guarantor of the Borrower or any "related person" to the Borrower within the meaning of Section 147 of the Code has acquired or shall acquire, pursuant to any arrangement, formal or informal, any Bonds.

(k) The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds.

(l) On the Closing Date, each of the representations and warranties of the Borrower contained in the Borrower Documents and all other documents executed by the Borrower in connection with the Bonds shall be true, correct and complete in all material respects.

(m) As of the Closing Date, the Borrower will not be in material default under any document, instrument or commitment to which the Borrower is a party or to which any of its property is subject which default would or could reasonably be expected to adversely affect the ability of the Borrower to carry out its obligations under the Borrower Documents. As of the Closing Date, the Borrower will be in compliance with all of its obligations under the Tax Regulatory Agreement.

(n) The Borrower is in compliance with all of its prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12, if any.

7.2 Each of the representations and warranties set forth in this Section 7 will survive the Closing.

7.3 Any certificate signed by any officer of the Borrower and delivered to the Underwriter in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Borrower to the Underwriter as to the statements made therein.

Section 8. Covenants of the Issuer.

The Issuer hereby makes the following covenants with the Underwriter:

(a) Prior to the Closing, the Issuer will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter to such supplement or amendment shall abrogate the Underwriter's rights under Section 12(c) hereof.

(b) Prior to the Closing, the Issuer will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Issuer Documents without the prior written consent of the Underwriter.

(c) Prior to the Closing, except as provided in the Issuer Documents, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bonds or the Issuer Documents.

(d) The Issuer will not take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture and described in the Official Statement or which would cause the interest on the Tax-Exempt Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(e) Prior to the Closing, the Issuer will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of its obligations under the Issuer Documents and the Bonds.

(f) The Issuer will reasonably cooperate with the Underwriter upon request, without cost to the Issuer, in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate; provided that the foregoing shall not require the Issuer to expend its own funds, execute a general or special consent to service of process or to qualify as a foreign corporation in connection with such qualification in any foreign jurisdiction.

(g) The Issuer will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished a copy, the Underwriter shall reasonably object in writing and if any event relating to or affecting the Issuer or the Borrower shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, the Issuer shall cause to be forthwith prepared and furnished (at the sole expense of the Borrower) to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Section 9. Covenants of the Borrower.

The Borrower hereby makes the following covenants with the Underwriter and the Issuer:

(a) The Borrower will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter and the Issuer. It is understood pursuant to Section 12(c) that, in the event there arises an event or condition which, in the reasonable judgment of the Underwriter, requires the Official Statement to be amended or supplemented or has a material and adverse effect upon the marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds, the Underwriter shall have the right, pursuant to Section 12(c) hereof, to terminate this Purchase Contract without liability. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter to such supplement or amendment shall abrogate the Underwriter's rights under Section 12(c) hereof.

(b) The Borrower will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished a copy, the Underwriter shall reasonably object in writing and if any event relating to or affecting the Issuer or the Borrower shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to the Underwriter, the Borrower shall cause to be forthwith prepared and furnished (at the sole expense of the Borrower) to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Issuer and the Underwriter) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) Prior to the Closing, the Borrower will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Borrower Documents without the prior written consent of the Underwriter.

(d) Prior to the Closing, the Borrower will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bonds, the Financing Documents or any indebtedness allowed under the loan from the Mortgage Lender.

(e) The Borrower will cooperate with the Issuer to cause the Bonds to be delivered to the address and at the time specified by the Underwriter in conjunction with the Closing.

(f) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bonds, or other moneys on deposit in any fund or account in connection with the Bonds, to be applied in a manner other than as provided in the Indenture and described in the Preliminary Official Statement or the Official Statement and will not take or omit to take any action which would cause the interest on the Tax-Exempt Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(g) The Borrower will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate.

(h) The Borrower agrees to cause the necessary amount to be paid to the Trustee and/or the escrow agent on the Closing Date to pay costs of issuance.

(i) The Borrower agrees to provide the Underwriter, at the Borrower's expense, a reasonable number of additional copies of the Financing Documents as the Underwriter shall request.

Section 10. Conditions of Closing.

10.1 The obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the items described in Section 10.2 hereof and to the satisfaction of the following conditions:

(a) The Underwriter will not have discovered any material error, misstatement or omission in the representations and warranties made in this Purchase Contract, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) The Issuer and the Borrower will have performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by such respective parties at or prior to Closing.

(c) The Bonds, the Financing Documents and the Official Statement shall each have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall not have been amended, modified or supplemented prior to the Closing except as may have been agreed to in writing by the Underwriter and no event of default shall exist under any such documents.

(d) The Underwriter will have received orders for all of the Bonds (or such amount of the Bonds as is acceptable to the Underwriter) and (a) such orders have not been withdrawn at the time of the Closing and (b) the market price or marketability, at the initial offering price set forth in the Official Statement, of the Bonds shall not have been adversely affected, in the reasonable judgment of the Underwriter.

(e) The Borrower shall have entered into the Continuing Disclosure Agreement containing covenants meeting the requirements of Rule 15c2-12 under the 1934 Act.

(f) The Issuer shall have received the executed Issue Price Certificate of the Underwriter, substantially in the form attached to this Purchase Contract as Exhibit E.

10.2 In addition to the conditions set forth in Section 10.1, the obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the following items:

(a) Approving opinions of Bond Counsel, dated the Closing Date, relating to the validity of the Bonds and the tax-exempt status of the Bonds, substantially in the forms attached to the Official Statements as Appendix F and Appendix E, respectively, and a letter of such counsel,

addressed to the Underwriter and the Trustee, to the effect that such opinions may be relied upon, together with supplemental opinions of Bond Counsel, satisfactory in form and substance to the Underwriter and the Issuer, dated the Closing Date, substantially in the forms attached hereto as Exhibit B.

(b) An opinion of counsel to the Borrower, dated the Closing Date, satisfactory in form and substance to the Underwriter, the Trustee, Bond Counsel and the Issuer and in substantially the form attached hereto as Exhibit C.

(c) An opinion of Tiber Hudson LLC, counsel to the Underwriter, dated the Closing Date, satisfactory in form and substance to the Underwriter.

(d) A certificate of the Issuer, dated the Closing Date and signed by an authorized official or officer of the Issuer, to the effect that (i) each of the Issuer's representations contained herein and in all other Issuer Documents, which representations will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects; (ii) the Issuer has performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it at or prior to the Closing; and (iii) the information contained in the Preliminary Official Statement and the Official Statement under the captions "THE ISSUER" and "ABSENCE OF LITIGATION – The Issuer" is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(e) Evidence that a public hearing has been duly held and the issuance of the Bonds has been duly approved as required by the Code.

(f) A certificate of the Issuer, dated the Closing Date and signed by an authorized officer of the Issuer, in form and substance satisfactory to the Issuer, the Underwriter and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion.

(g) A certificate of the Borrower, dated the Closing Date and signed by its authorized representative, to the effect that:

(i) each of the Borrower's representations and warranties contained herein and in all Borrower Documents, which representations and warranties will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects;

(ii) the Borrower has performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it at or prior to the Closing;

(iii) since the date of the Official Statement and except as set forth therein, there has not been any material adverse change in the Borrower's operations, financial or otherwise;

(iv) the information contained in the Preliminary Official Statement and the Official Statement is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the

statements contained therein, in the light of the circumstances under which they were made, not misleading;

(v) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any of its affiliates, nor, to the best knowledge of the Borrower, is there any basis therefor, wherein an unfavorable decision, ruling or finding would, in any way, adversely affect the transactions contemplated by the Loan Agreement or the operation and management of the Project, or that might result in any material adverse change in the business, operations, properties, assets, liabilities or condition (financial or other) of the Borrower or that affects the information in the Preliminary Official Statement and the Official Statement; and

(vi) such other matters as the Underwriter may reasonably request.

(h) A certificate of the Trustee dated the Closing Date and signed by its authorized representative, in form and substance satisfactory to the Underwriter, the Issuer and Bond Counsel.

(i) An opinion of counsel to the Trustee, dated the Closing Date, in form and substance satisfactory to the Underwriter.

(j) The Borrower's 15c2-12 Certificate, substantially in the form attached hereto as Exhibit D, duly executed by the Borrower.

(k) Certified copies of the organizational documents of the Borrower and copies of the resolutions or actions of its partners (if applicable) authorizing the execution and delivery of the Borrower Documents.

(l) The Financing Documents (or certified copies thereof) duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to by the Issuer, Bond Counsel and the Underwriter.

(m) Written evidence satisfactory to the Underwriter that Moody's Investors Service, Inc. (the "Rating Agency") has issued a rating of "[Aa1/VMIG 1]" for the Bonds and such rating shall be in effect on the Closing Date.

(n) Such additional legal opinions, certificates, instruments and other documents as the Underwriter, the Issuer or Bond Counsel may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of the respective representations and warranties of the Issuer and the Borrower herein contained and of the Official Statement, and to evidence compliance by the Issuer and the Borrower with this Purchase Contract and all applicable legal requirements, and the due performance and satisfaction by the Issuer and the Borrower at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and the Borrower.

10.3 If any of the conditions set forth in Section 10.1 or 10.2 hereof have not been met on the Closing Date, the Underwriter may, at its sole option, terminate this Purchase Contract or proceed to Closing upon waiving any rights under this Purchase Contract with respect to any such condition. If this Purchase Contract is terminated pursuant to this Section 10, no party hereto will have any rights or obligations under this Purchase Contract to any other party hereto, except as provided in Section 13 hereof.

Section 11. Actions and Events at the Closing.

The following events will take place at the Closing:

(a) The Issuer will cause the Trustee to deliver the Bonds to the Underwriter. The Bonds so delivered will be in the form required by the Indenture, duly authenticated by the Trustee, and will be fully registered in the name of Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York.

(b) The Issuer and the Borrower, as applicable, will deliver or cause to be delivered to the Underwriter at the offices of Bond Counsel, or at such other place or places as the Issuer, the Borrower and the Underwriter may mutually agree upon, the materials described in Section 10.1 and Section 10.2 hereof.

(c) The Underwriter will deliver to the Trustee, for the account of the Issuer, a wire, payable in immediately available funds, in an amount equal to the purchase price of the Bonds as set forth in Exhibit A hereto.

Section 12. Termination of Agreement.

The Underwriter may terminate this Purchase Contract, without liability therefor, by notifying the Issuer and the Borrower at any time prior to the Closing, if:

(a) Legislation is enacted or introduced in the Congress or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either house of the Congress of the United States by a committee of such house to which such legislation has been referred for consideration, or a decision is rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice or official statement is issued or made: (i) by or on behalf of the President, the Treasury Department of the United States or the Internal Revenue Service with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by the owners of the Tax-Exempt Bonds, or (ii) by or on behalf of the SEC, or any other governmental entity having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds or any arrangements underlying the Bonds, are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(b) The declaration of a general banking moratorium by federal, New York or State authorities, or general suspension of trading in securities on the New York Stock Exchange any other national securities exchange, or the establishment by the New York Stock Exchange, by the SEC, by any federal or state agency or by the decision of any court, of any limitation on prices for such trading, or any outbreak or escalation of hostilities or occurrence of any other national or international calamity or crisis, or escalation of such calamity or crisis, the effect of which on the financial markets of the United States shall be such as to make it impracticable for the Underwriter to proceed with the purchase and offering of the Bonds;

(c) Any event or condition which, in the reasonable judgment of the Underwriter, (i) renders untrue any statement of a material fact in the Official Statement, and the Issuer and the Borrower do not agree to supplement or amend the Official Statement to correct the deficiency, or (ii) causes the Official Statement to omit to state a material fact necessary in order to make the

statements therein, in the light of the circumstances under which they were made, not misleading, and the Issuer and the Borrower do not agree to supplement or amend the Official Statement to correct the deficiency, or (iii) has a material adverse effect upon the marketability of the Bonds, or (iv) would materially and adversely affect the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(d) The imposition by the New York Stock Exchange or other national securities exchange, or any governmental entity, of any restrictions not now in force with respect to any of the Bonds or obligations of the general character of the Bonds or securities generally, or the increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of the Underwriter;

(e) An order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the SEC, or any other governmental entity having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds or the issuance, offering or sale of the Bonds or any arrangements underlying the Bonds, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of the federal securities laws as then in effect;

(f) The rating on the Bonds shall have been downgraded or withdrawn by the Rating Agency; or

(g) A material disruption in commercial banking, securities settlement, payment, or clearance services shall have occurred.

Section 13. Fees and Expenses.

13.1 The Borrower shall pay to the Underwriter a fee in the amount of $_____ plus $_____ for certain fees and expenses (the "Underwriter's Fee"), payable in immediately available funds on the Closing Date from which the Underwriter will pay certain expenses. The Underwriter's Fee shall not include the fee of the Underwriter's counsel. The Borrower acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred in connection with the issuance of the Bonds. The Borrower has agreed to pay the Underwriter's Fee set forth in this Section 13.1, and inclusive in the expense component of the Underwriter's Fee are actual expenses incurred or paid for by the Underwriter on behalf of the Borrower in connection with the marketing, issuance, and delivery of the Bonds, including, but not limited to, advertising expenses, the costs of any preliminary and final blue sky memoranda, CUSIP fees, and transportation, lodging, and meals for the Borrower's employees and representatives, if any.

13.2 The Borrower shall pay the costs of issuance of the Bonds, including all expenses incident to the performance of the Underwriter's and the Issuer's obligations hereunder, including, but not limited to, (i) the cost of the preparation, printing or other reproduction of this Purchase Contract, the Preliminary Official Statement and the Official Statement, as either may be supplemented or amended, the Indenture and the other Financing Documents in reasonable quantities for distribution; (ii) the cost of engraving, reproducing and signing the definitive Bonds; (iii) the reasonable fees and disbursements of all applicable legal counsel, including Bond Counsel, counsel to the Issuer, counsel to the Trustee (if any), and counsel to the Underwriter; (iv) the initial fees and costs of paying the Trustee and all paying agents, transfer agents and registrars; (v) the fees and expenses of the Issuer; (vi) CUSIP fees; (vii) the cost of qualifying the Bonds for sale in various states chosen by the Underwriter and the cost of preparing or printing any Preliminary Blue Sky Survey to be used in connection with such sale; (viii) the fees and expenses of the experts retained

by the Borrower with respect to the acquisition, construction, and financing of the Project; (ix) the fees of the Rating Agency in connection with the rating of the Bonds; (x) normal travel costs, including reasonable transportation and lodging; (xi) ordinary and reasonable meals hosted by the Underwriter that are directly related to the offering contemplated by this Purchase Contract; (xii) all other applicable fees of professionals hired in conjunction with the issuance of the Bonds; and [(xiii) reimbursement to the Underwriter for the Underwriter's Advance]. Notwithstanding anything to the contrary, in the event the transaction contemplated hereby does not close, the Borrower shall pay all fees and expenses incurred in connection with the transaction.

13.3 In the event that the Issuer, the Borrower or the Underwriter shall have paid obligations of the other as set forth in this Section, appropriate adjustments will promptly be made.

13.4 In addition to the provisions set forth in Section 14 hereto, the Borrower shall indemnify the Issuer and the Underwriter with respect to the foregoing costs and expenses in the event that the purchase provided for herein is not consummated.

Section 14. Indemnification.

14.1 The Borrower will indemnify and hold harmless the Issuer and the Underwriter, and each of their officers, directors, employees, agents, officials, members, commissioners, board members and each person who "controls" (as such term is used in Section 15 of the 1933 Act and Section 20 of the 1934 Act) the Issuer and the Underwriter (each referred to individually as an "*Indemnified Party*" and collectively as the "*Indemnified Parties*") against any losses, claims, expenses (including, without limitation, to the extent permitted by law, attorneys' fees and expenses actually incurred), damages or liabilities, causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "Liabilities"), joint or several, to which the Indemnified Parties may be threatened or become subject, caused by or directly or indirectly arising from or in any way relating to (i) the Bonds, the Project, the loan of the proceeds of the Bonds, this Purchase Contract or any document related to the Bonds, the Project or the loan of the proceeds of the Bonds or any transaction or agreement, written or oral, pertaining to the foregoing or the breach by the Borrower of any representation, warranty or covenant of the Borrower contained herein or in any of the other Financing Documents, (ii) any untrue statement or alleged untrue statement of any material fact contained in the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto, or (iii) any omission or alleged omission to state in the Preliminary Official Statement or the Official Statement a material fact necessary to be stated therein in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading. This indemnification provision shall not be construed as a limitation on any other liability which the Borrower may otherwise have to any indemnified person, provided that in no event shall the Borrower be obligated for double indemnification, in that the Borrower shall not be required to indemnify an Indemnified Party more than once with respect to a specific indemnification obligation arising as the result of a specific event. Notwithstanding the foregoing, the Borrower shall not be required to indemnify any Indemnified Party for the gross negligence or willful misconduct of such Indemnified Party.

14.2 The indemnity agreements in paragraph 14.1 of this Section 14 shall be in addition to any liability which the Borrower may otherwise have hereunder or under the other Borrower Documents, and shall extend on the same terms and conditions to each member, principal, official, officer, commissioner, board member, attorney or employee of the Borrower and to each person, if any, who "controls" (as such term is used in Section 15 of the 1933 Act and Section 20 of the 1934 Act) the Borrower.

14.3 Promptly after receipt by an Indemnified Party under paragraph 14.1 of this Section of notice of the commencement of any action against such Indemnified Party in respect of which indemnity or reimbursement may be sought against the Borrower under any such paragraph, such Indemnified Party

will notify the Borrower in writing of the commencement thereof; provided that any delay or failure to give such notification shall be of no effect except to the extent that the Borrower is prejudiced thereby.

14.4 In case any action, claim or proceeding, as to which the Borrower is to provide indemnification hereunder, shall be brought against the Indemnified Party and the Indemnified Party notifies the Borrower of the commencement thereof, the Borrower may, or if so requested by the Indemnified Party shall, participate therein or assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party; provided that, except as provided below, the Borrower shall not be liable for the expenses of more than one separate counsel representing the Indemnified Parties in the action, claim or proceeding.

14.5 If the Borrower shall not have employed counsel to have charge of the defense of the action, claim or proceeding, or if any Indemnified Party shall have concluded reasonably that there may be a defense available to it or to any other Indemnified Party which is different from or in addition to those available to the Borrower or to any other Indemnified Party (hereinafter referred to as a "separate defense"), (i) the Borrower shall not have the right to direct the defense of the action, claim or proceeding on behalf of the Indemnified Party, and (ii) reasonable legal and other expenses incurred by the Indemnified Party (including without limitation, to the extent permitted by law, reasonable attorney's fees and expenses actually incurred) shall be borne by the Borrower; provided, that the Borrower shall not be liable for the expenses of more than one additional separate counsel for each Indemnified Party with respect to such separate defenses. For the purpose of this paragraph, an Indemnified Party shall be deemed to have concluded reasonably that a separate defense is available to it or any other Indemnified Party if (a) such Indemnified Party shall have requested an unqualified written opinion from Independent Counsel to the effect that a separate defense exists, and such Independent Counsel shall have delivered such opinion to the Indemnified Party within ten (10) days after such request or (b) the Borrower agrees that a separate defense is so available. For purposes of this paragraph, Independent Counsel shall mean any attorney, or firm or association of attorneys, duly admitted to practice law before the supreme court of any state and not a full-time employee of any Indemnified Party. Nothing contained in this paragraph 14.5 will preclude any Indemnified Party, at its own expense, from retaining additional counsel to represent such party in any action with respect to which indemnity may be sought from the Borrower hereunder.

14.6 The Borrower agrees to reimburse any Indemnified Party for any reasonable expense (including reasonable fees and expenses of counsel) incurred as a result of producing documents, presenting testimony or evidence, or preparing to present testimony or evidence (based upon time expended by an Indemnified Party at its then current time charges), in connection with any court or administrative proceeding (including any investigation which may be preliminary thereto) arising out of or relating to any public distribution of the Bonds. The Borrower will not be required to reimburse any Indemnified Party if such court or administrative hearing arises out of the gross negligence of, willful misconduct or breach of, this Purchase Contract by an Indemnified Party.

14.7 In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph 14.1 or 14.2 of this Section 14 is for any reason held to be unavailable, the Borrower and the Indemnified Party shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party may be subject, so that the Indemnified Party is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds bears to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds; and provided, further, that the foregoing limitation on an Indemnified Party's liability or responsibility shall not be applicable if the indemnity provided for in paragraph 14.1 or 14.2 is unavailable or inapplicable due to the gross

negligence or willful misconduct of any Indemnified Party. No person guilty of fraudulent misrepresentation (within Section 10(b) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

14.8 The Indemnified Parties, other than the Underwriter and the Issuer, shall be considered to be third-party beneficiaries of this Purchase Contract for purposes of this Section 14. The provisions of this Section 14 will be in addition to all liability which the Borrower may otherwise have and shall survive any termination and cancellation of this Purchase Contract, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

14.9 Notwithstanding anything to the contrary in this Purchase Contract, the Issuer may employ its own counsel (whether one or more separate counsel) in any manner it deems appropriate and the Borrower shall indemnify the Issuer for fees and expenses of such counsel.

Section 15. Limitation of Liability.

Notwithstanding any provision herein to the contrary, any member, officer, director, partner, agent, commissioner, board members or employee of the Issuer, the Underwriter or the Borrower, including any person executing this Purchase Contract, shall not bear any liability as a result of any failure of the Issuer, the Underwriter or the Borrower to perform the obligations of each, respectively, set forth in this Purchase Contract.

Section 16. Miscellaneous.

16.1 All notices, demands and formal actions hereunder will be in writing and mailed, telecopied or delivered to the following address or such other address as either of the parties shall specify:

If to the Underwriter:	Stifel, Nicolaus & Company, Incorporated 1401 Lawrence Street, Suite 900 Denver, CO 80202 Attention: Brad Edgar
If to the Issuer:	Housing Authority of the City of San Diego 1122 Broadway, Suite 300 San Diego, CA 92121 Attention: Vice President of Multifamily Housing Finance
If to the Borrower:	Hillcrest Hall LP 122 East 42nd Street, Suite 1903 New York, NY 10168 Attention: Paul A. Salib
With a copy to:	Hobson Bernardino + Davis LLP 600 Corporate Pointe, Suite 215 Culver City, CA 90230 Attention: Jason A. Hobson, Esq.

With a copy to:	Bold Hillcrest LLC c/o Bold Communities 201 W Garvey Avenue, Suite 102 Monterey Park, CA 91754 Attention: Michael Miller
With a copy to:	E. Smith Hillcrest Hall LLC c/o E. Smith & Company, Inc. 2720 5th Avenue, Suite L San Diego, CA 92103 Attention: Reese Jarrett
With a copy to:	Odu & Associates, PC 31805 Temecula Parkway #720 Temecula, CA 92592 Attention: Nkechi Odu, Esq.

16.2 This Purchase Contract will inure to the benefit of and be binding upon the parties hereto and their successors and assigns and, except as provided in Section 14 hereof will not confer any rights upon any other person. The terms "successor" and "assigns" will not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase.

16.3 This Purchase Contract may not be assigned by any of the parties hereto prior to the Closing.

16.4 If any provision of this Purchase Contract is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperable or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

16.5 This Purchase Contract will be construed in accordance with and governed by the internal laws of the State, without regard to conflict of law principles of the State.

16.6 This Purchase Contract may be executed in several counterparts (including counterparts exchanged by email in PDF format), each of which will be regarded as an original and all of which will constitute one and the same document.

Section 17. Survival of Certain Representations and Obligations.

The respective agreements, covenants, representations, warranties and other statements of the Issuer and the Borrower and each of their respective officers set forth in or made pursuant to this Purchase Contract shall survive delivery of and payment for the Bonds and shall remain in full force and effect, regardless of any investigation, or statements as to the results thereof, made by or on behalf of the Underwriter.

Section 18. Prohibition on Boycotts.

By entering into this Purchase Contract, the Underwriter certifies that it and its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, or for the

duration of this Purchase Contract will not engage in, a boycott of goods or services from the State of Israel; companies doing business in or with the State of Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. The Underwriter understands that "boycott" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.

Section 19. Electronic Signature.

To the fullest extent permitted by applicable law, electronically transmitted or facsimile signatures or other electronic format (including without limitation, "*pdf*" "*tif*" or "*jpg*") and other electronic signatures (including, without limitation, DocuSign and AdobeSign) and are authorized and will have the same effect as though facsimile signature or other signature were original executions, and this Purchase Contract will be deemed executed by a party when a signature page, or facsimile or other electronic signature pages, executed by that party is transmitted to each of the other parties as they have directed.

[Signature pages to follow]

If the foregoing is in accordance with your understanding, please sign and return to us two counterparts hereof and, upon the acceptance hereof by the Issuer and the Borrower, this Purchase Contract and such acceptance shall constitute the binding agreement among us as to the matters set forth above.

Very truly yours,

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
Brad Edgar
Managing Director

[Signatures continue on following page]

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO,
as Issuer

By: _____
Authorized Signatory

[Signatures continue on following page]

[Borrower's signature page to Purchase Contract]

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC,
a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and
Community Development LLC,
a Delaware limited liability company,
its Sole Member

By: _____
Joel Hammer
Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC,
a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc.,
a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett
CEO

By: BOLD HILLCREST LLC,
a California limited liability company,
its Managing General Partner

By: Bold Communities,
a California nonprofit public benefit
corporation,
its Sole Member

By: _____
Michael Miller
President

EXHIBIT A

TERMS OF BONDS

Multifamily Housing Revenue Bonds
(Hillcrest Hall)
2026 Series A-1 (Tax-Exempt)

Dated Date	Initial Mandatory Tender Date	Maturity Date	Principal Amount	Interest Rate	Price
June __, 2026	July 1, 2028	January 1, 2060	$18,200,000	___%	100%

Multifamily Housing Revenue Bonds
(Hillcrest Hall)
2026 Series A-2 (Taxable)

Dated Date	Initial Mandatory Tender Date	Maturity Date	Principal Amount	Interest Rate	Price
June __, 2026	July 1, 2028	January 1, 2030	$31,505,000	___%	100%

EXHIBIT B

PROPOSED FORMS OF SUPPLEMENTAL OPINIONS OF BOND COUNSEL

June __, 2026

Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, CA 92101
Attention: Executive Director

Stifel, Nicolaus & Company, Incorporated
1401 Lawrence Street, Suite 900
Denver, CO 80202
Attention: Brad Edgar

Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)
(Supplemental Opinion)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Housing Authority of the City of San Diego (the "Issuer") in connection with the issuance and sale of the above-captioned Bonds (the "Bonds"), pursuant to a Trust Indenture (the "Indenture") dated as of June 1, 2026, between the Issuer and [U.S. Bank Trust Company, National Association], as trustee (the "Trustee"). This opinion letter is being delivered in our capacity as bond counsel to the Issuer and not as counsel to the Underwriter addressee.

This opinion is being rendered to you pursuant to Section 10.2(a) the Bond Purchase Agreement, dated June ___, 2026 (the "Purchase Contract"), among Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), the Housing Authority of the City of San Diego (the "Issuer"), and Hillcrest Hall LP, a California limited partnership (the "Borrower"), relating to the sale by the Issuer of the Bonds.

Regarding questions of fact material to our opinion, we have relied upon certifications and representations of the Issuer contained in the Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Certificate, and in other documents and certified proceedings relating to the Bonds; and upon other certifications and representations of public officials, the Underwriter and the Borrower, furnished to us, without undertaking to verify the same by independent investigation. We have also assumed the correctness of the legal conclusions contained in the opinions of counsel to the Trustee and the Borrower, without undertaking to verify the same by independent investigation. We have participated in various conferences with representatives of and counsel for the Underwriter, representatives of and counsel for the Borrower, and representatives of and counsel for the Issuer relating to the preparation of the Official Statement, dated June ___, 2026 (the "Official Statement"). In addition, we have participated in the preparation of the Indenture. We have also examined the documents and other items referred to in our opinion of even date herewith relating to the Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture or, if not defined in the Indenture, in the Purchase Contract.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Contract has been duly authorized, executed and delivered by the Issuer and, assuming due execution and delivery by the other parties thereto, constitutes a valid, legal and binding special obligation of the Issuer enforceable in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights or contractual obligations generally and no opinion is being rendered as to the availability of any particular remedy thereunder.

3. The statements contained in the Official Statement (except as to any statistical and financial data included in the Official Statement and except for the information relating to The Depository Trust Company, its Participants and its book-entry only system, as to which we do not express an opinion) under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," and "TAX MATTERS," and in Appendices A, B, C, D and F thereto, excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Indenture, the Loan Agreement and the Tax Regulatory Agreement, and certain aspects of our firm's opinion relating to the federal and the State of California tax implications of certain aspects of the Bonds, present a materially accurate summary of such matters.

This letter is being delivered in our capacity as bond counsel to the Issuer and not as counsel to any other addressee hereof. This letter is furnished by us solely for your benefit and may not be relied upon, used, circulated, quoted or referred to, nor any copies hereof be delivered to, any other persons without our prior written approval. This letter is not intended to be relied upon by the holders of the Bonds.

Respectfully submitted,

June __, 2026

Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, CA 92101
Attention: Executive Director

Stifel, Nicolaus & Company, Incorporated
1401 Lawrence Street, Suite 900
Denver, CO 80202
Attention: Brad Edgar

Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-2 (Taxable)
(Supplemental Opinion)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Housing Authority of the City of San Diego (the "Issuer") in connection with the issuance and sale of the above-captioned Bonds (the "Bonds"), pursuant to a Trust Indenture (the "Indenture") dated as of June 1, 2026, between the Issuer and [U.S. Bank Trust Company, National Association], as trustee (the "Trustee"). This opinion letter is being delivered in our capacity as bond counsel to the Issuer and not as counsel to the Underwriter addressee.

This opinion is being rendered to you pursuant to Section 10.2(a) the Bond Purchase Agreement, dated June ___, 2026 (the "Purchase Contract"), among Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), the Housing Authority of the City of San Diego (the "Issuer"), and Hillcrest Hall LP, a California limited partnership (the "Borrower"), relating to the sale by the Issuer of the Bonds.

Regarding questions of fact material to our opinion, we have relied upon certifications and representations of the Issuer contained in the Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Certificate, and in other documents and certified proceedings relating to the Bonds; and upon other certifications and representations of public officials, the Underwriter and the Borrower, furnished to us, without undertaking to verify the same by independent investigation. We have also assumed the correctness of the legal conclusions contained in the opinions of counsel to the Trustee and the Borrower, without undertaking to verify the same by independent investigation. We have participated in various conferences with representatives of and counsel for the Underwriter, representatives of and counsel for the Borrower, and representatives of and counsel for the Issuer relating to the preparation of the Official Statement, dated June ___, 2026 (the "Official Statement"). In addition, we have participated in the preparation of the Indenture. We have also examined the documents and other items referred to in our opinion of even date herewith relating to the Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture or, if not defined in the Indenture, in the Purchase Contract.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Contract has been duly authorized, executed and delivered by the Issuer and, assuming due execution and delivery by the other parties thereto, constitutes a valid, legal and binding special obligation of the Issuer enforceable in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights or contractual obligations generally and no opinion is being rendered as to the availability of any particular remedy thereunder.

3. The statements contained in the Official Statement (except as to any statistical and financial data included in the Official Statement and except for the information relating to The Depository Trust Company, its Participants and its book-entry only system, as to which we do not express an opinion) under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," and "TAX MATTERS," and in Appendices A, B, C, D and E thereto, excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Indenture, the Loan Agreement and the Tax Regulatory Agreement, and certain aspects of our firm's opinion relating to the State of California tax implications of certain aspects of the Bonds, present a materially accurate summary of such matters.

This letter is being delivered in our capacity as bond counsel to the Issuer and not as counsel to any other addressee hereof. This letter is furnished by us solely for your benefit and may not be relied upon, used, circulated, quoted or referred to, nor any copies hereof be delivered to, any other persons without our prior written approval. This letter is not intended to be relied upon by the holders of the Bonds.

Respectfully submitted,

EXHIBIT C

FORM OF OPINION OF COUNSEL TO THE BORROWER

June __, 2026

[To be provided]

EXHIBIT D

FORM OF BORROWER'S RULE 15c2-12 CERTIFICATE

$18,200,000
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall)
2026 Series A-1 (Tax-Exempt)

$31,505,000
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall)
2026 Series A-2 (Taxable)

The undersigned hereby certifies and represents to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") that the undersigned is authorized to execute and deliver this certificate on behalf of Hillcrest Hall LP, a California limited partnership (the "Borrower"), and hereby further certifies to the Underwriter as follows:

(a) This certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the issuance and sale of the above-captioned securities (the "Bonds").

(b) In connection with the issuance and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated June __, 2026, relating to the Bonds (the "Preliminary Official Statement") setting forth information concerning the Bonds and the Borrower.

(c) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), accreted values, yield to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the Underwriter(s), all with respect to the issuance and sale of the Bonds.

(d) The Preliminary Official Statement is, as of the date thereof, deemed final within the meaning of the Rule, except for Permitted Omissions.

(e) The section of the Preliminary Official Statement entitled "CONTINUING DISCLOSURE" describes the agreement the Borrower expects to make for the benefit of the Bondholders in the Continuing Disclosure Agreement dated as of June 1, 2026, executed by the Borrower and [U.S. Bank Trust Company, National Association], as dissemination agent, by which the Borrower will undertake to provide continuing disclosure in accordance with the Rule.

Dated: June __, 2026

[Signature page to follow]

[Signature page to Rule 15c2-12 Certificate]

IN WITNESS WHEREOF, I have hereunto set my hand as of the date set forth above.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC,
a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and
Community Development LLC,
a Delaware limited liability company,
its Sole Member

By: _____
Joel Hammer
Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC,
a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc.,
a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett
CEO

By: BOLD HILLCREST LLC,
a California limited liability company,
its Managing General Partner

By: Bold Communities,
a California nonprofit public benefit
corporation,
its Sole Member

By: _____
Michael Miller
President

EXHIBIT E

FORM OF ISSUE PRICE CERTIFICATE

$18,200,000
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall)
2026 Series A-1 (Tax-Exempt)

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. Sale of the Bonds. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Exhibit A attached to the Bond Purchase Agreement dated June __, 2026 among the Underwriter, Hillcrest Hall LP, a California limited partnership (the "Borrower"), the Housing Authority of the City of San Diego (the "Issuer").

2. Defined Terms.

(a) "*Issuer*" means the Housing Authority of the City of San Diego, a public body, corporate and politic, duly organized and existing under the laws of the State of California.

(b) "*Maturity*" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "*Public*" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than the Underwriter or a related party to the Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "*Underwriter*" means (i) Stifel, Nicolaus & Company, Incorporated, (ii) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (iii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (ii) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer, and the Borrower with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall LLP, San Mateo, California, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and

other federal income tax advice that it may give to the Issuer and the Borrower from time to time relating to the Bonds.

Capitalized terms used but not defined herein have the meanings assigned to them in the Trust Indenture dated as of June 1, 2026, between the Issuer and [U.S. Bank Trust Company, National Association], as trustee.

Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

Dated: June __, 2026

[Underwriter's signature page to Issue Price Certificate]

Dated as of the date hereof.

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____

Brad Edgar
Managing Director

[Underwriter's signature page to Issue Price Certificate]

Dated as of the date hereof.

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____

Benjamin Stern
Managing Director

BORROWER LOAN AGREEMENT

between

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO,
as Governmental Lender,

HILLCREST HALL LP,
a California limited partnership,
as Borrower,

and

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

Dated as of [Funding Date]

Relating to:

$[Par Amount]
Funding Loan originated by CITIBANK, N.A., as Funding Lender
from the proceeds of the

Housing Authority of the City of San Diego
Multifamily Housing Revenue Note
(Hillcrest Hall) 20[__] Issue [_]

The interest of the Governmental Lender in this Borrower Loan Agreement (except for certain rights described herein) has been pledged and assigned to Citibank, N.A., as funding lender (the "Funding Lender"), under that certain Funding Loan Agreement, of even date herewith, by and among the Housing Authority of the City of San Diego (the "Governmental Lender"), U.S. Bank Trust Company, National Association, (the "Fiscal Agent"), and the Funding Lender, under which the Funding Lender is originating a loan to the Governmental Lender to fund the Borrower Loan made under this Borrower Loan Agreement.

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EXHIBIT A MODIFICATIONS TO BORROWER LOAN AGREEMENT

BORROWER LOAN AGREEMENT

THIS BORROWER LOAN AGREEMENT (this "Borrower Loan Agreement"), dated as of [Funding Date], is by and between the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO (together with its successors and assigns, the "Governmental Lender"), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State") pursuant to Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "Act"), and HILLCREST HALL LP, a California limited partnership (together with its successors and assigns, the "Borrower").

RECITALS:

WHEREAS, pursuant to the Act, the Governmental Lender is authorized (a) to make loans and to provide financing for residential rental developments intended to be occupied by persons of low and very low income; (b) to borrow funds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with any such borrowing by the Governmental Lender; and (c) to pledge 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 to secure the repayment of any such borrowing by the Governmental Lender; and

WHEREAS, on [Closing Date] (the "Delivery Date") pursuant to and in accordance with the Act and a Trust Indenture dated as of [_____], 1 2026 (the "Indenture") between the Governmental Lender, as issuer, and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), the Governmental Lender issued and sold its $18,200,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) (the "Bonds"), and used the proceeds thereof to make a loan to the Borrower, upon the terms and conditions of a promissory note dated the Delivery Date (the "Bond Note"), from the Borrower to the Governmental Lender in the original principal amount of $18,200,000 and the Loan Agreement dated as of [_____], 1 2026, between the Governmental Lender and the Borrower (the "Loan Agreement"), for purposes of funding a portion of the costs of the acquisition, construction, development, and/or equipping of a 98-unit (including one manager's unit) multifamily rental housing development located in the City of San Diego, known or to be known as Hillcrest Hall (the "Project"); and

WHEREAS, on the Delivery Date pursuant to and in accordance with the Act and a Trust Indenture dated as of [_____], 1 2026 (the "Taxable Bonds Indenture") between the Governmental Lender, as issuer, and the Trustee, the Governmental Lender issued and sold its $[TAXABLE PAR] Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) (the "Taxable Bonds"), and used the proceeds thereof to make a loan to the Borrower, upon the terms and conditions of a promissory note dated the Delivery Date (the "Taxable Note"), from the Borrower to the Governmental Lender in the original principal amount of $[TAXABLE PAR] and the Loan Agreement dated as of [_____], 1 2026, between the Governmental Lender and the Borrower (the "Taxable Bonds Loan Agreement"), for purposes of funding a portion of the costs of the Project, and the Taxable Bonds have been fully repaid on or prior to the date hereof; and

WHEREAS, in connection with the issuance of the Bonds, the Funding Lender made a taxable construction loan to the Borrower in the original maximum principal amount of $[Mortgage Loan] (the "Citi Loan"), the proceeds of which were used (i) to finance a portion of the costs of acquiring, constructing, and equipping of the Project and (ii) to make deposits into the Collateral Fund (as defined in the Indenture); and

WHEREAS, the Citi Loan is evidenced by that certain Multifamily Construction Note (Taxable), dated the Delivery Date, made by the Borrower payable to the order of the Funding Lender (the "Citi Loan Note"), and secured by, among other things, that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Taxable), dated as of [_____], 1 2026, executed by the Borrower for the benefit of the Funding Lender (the "Citi Loan Security Instrument"), which Citi Loan Security Instrument encumbers the Mortgaged Property (as defined in the Citi Loan Agreement); and

WHEREAS, the Citi Loan was advanced to the Borrower pursuant to that certain Construction Loan Agreement, dated as of [_____], 1 2026, between the Borrower and the Funding Lender (the "Citi Loan Agreement" and together with the Citi Loan Note, the Citi Loan Security Instrument and all other documents executed in connection with the Citi Loan, including the Citi Loan Agreement, the "Citi Loan Documents"); and

WHEREAS, in connection with the issuance of the Bonds, the Funding Lender entered into a Forward Commitment Agreement with the Borrower dated [_____], 1 2026 (the "Forward Commitment Agreement"), whereby the Funding Lender committed, subject to the satisfaction of the Conditions to Funding set forth in the Forward Commitment Agreement, to facilitate the financing of the Project by making the Funding Loan (defined below) pursuant to the provisions of this Funding Loan Agreement and purchasing the Governmental Lender Note (as described below); and

WHEREAS, the Funding Lender has determined that the Conditions to Funding have been satisfied and, as a result, is entering into the Funding Loan Agreement (as defined herein) pursuant to which the Funding Lender is making the Funding Loan to the Governmental Lender; and

WHEREAS, on the Funding Date (as defined herein), (i) the Bonds are subject to mandatory tender in accordance with the Indenture, (ii) the purchase price of the Bonds is being paid by the Trustee with the proceeds of the Funding Loan, (iii) the Bonds are being removed from the Book-Entry System and exchanged for the physical Governmental Lender Note and delivered to the Funding Lender to evidence the Funding Loan, (iv) the Funding Loan Agreement and this Borrower Loan Agreement are being delivered by the respective parties and becoming effective and supersede the Indenture and the Loan Agreement, respectively, (v) the Borrower is executing and delivering to the Governmental Lender an Amended and Restated Multifamily Note (Tax Exempt) dated [Funding Date] (the "Borrower Note") to evidence its obligations under the Borrower Loan Agreement and is executing and delivering to the Funding Lender a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Tax Exempt) of even date herewith (as amended, restated and/or supplemented from time to time, the "Security Instrument") with respect to the Project to secure its obligations under the Borrower Loan Agreement.

AGREEMENT:

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

ARTICLE I

PRINCIPLES OF CONSTRUCTION; DEFINITIONS

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

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

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

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

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

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

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

"Act" shall mean Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the California Health and Safety Code, as now in effect and as it may from time to time hereafter be amended and supplemented.

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

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

"Additional Borrower Payments" shall mean the payments payable pursuant to Section 2.5 (Additional Borrower Payments), Section 2.6 (Overdue Payments; Payments in Default) and Section 5.14 (Expenses) hereof, and Section 3.3.3 of the Citi Loan Agreement (Loan in Balance) and Section 10 of the Borrower Note (Prepayments).

"Agreement of Environmental Indemnification" shall mean the Agreement of Environmental Indemnification, dated as of [June], 1 2026, executed by the Borrower and the Guarantor for the benefit of the Beneficiary Parties (as defined therein) and any lawful holder, owner or pledgee of the Borrower Note from time to time.

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

"Approved Developer Fee Schedule" shall have the meaning set forth in the Citi Loan Agreement.

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

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

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

"Bankruptcy Event" shall have the meaning given to that term in the Security Instrument.

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

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

"Bond Note" shall have the meaning set forth in the recitals hereto.

"Bonds" shall have the meaning set forth in the recitals hereto.

"Borrower" shall have the meaning set forth in the first paragraph of this Borrower Loan Agreement.

"Borrower Affiliate" shall mean, as to the Borrower, its General Partners or the Guarantor, (i) any entity that directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of Borrower, its General Partners or the Guarantor, (ii) any corporation 20 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by the Borrower, its General Partners or the Guarantor, (iii) any partner, shareholder or, if a limited liability company, member of Borrower, its General Partners or the Guarantor, or (iv) any other person that is related (to the third degree of consanguinity) by blood or marriage to the Borrower, its General Partners or the Guarantor (to the extent any of the Borrower, its General Partners or the Guarantor is a natural person).

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

"Borrower Deferred Equity" shall have the meaning set forth in the Citi Loan Agreement.

"Borrower Loan" shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to the Loan Agreement, as amended and superseded by this Borrower Loan Agreement, in the principal amount of the Borrower Loan Amount, as evidenced by the Bond Note, as amended and restated by the Borrower Note.

"Borrower Loan Agreement" shall mean this Borrower Loan Agreement which supersedes the Loan Agreement.

"Borrower Loan Amount" shall mean $[Par Amount], the original principal amount of the Borrower Note.

"Borrower Loan Documents" shall mean this Borrower Loan Agreement, the Construction Funding Agreement, the Borrower Note, the Security Instrument, the Tax Certificate, the Regulatory Agreement, the Agreement of Environmental Indemnification, the Guaranty, the Replacement Reserve Agreement, the Continuing Disclosure Agreement, and all other documents or agreements evidencing or relating to the Borrower Loan.

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

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

"Borrower Loan Proceeds" shall mean proceeds of the Borrower Loan.

"Borrower Note" shall mean that certain Amended and Restated Multifamily Note (Tax Exempt) dated the Funding Date, which amends and restates the Bond Note, in the original principal amount of the Borrower Loan Amount made by the Borrower and payable to the

Governmental Lender, as endorsed and assigned without recourse to the Funding Lender, as it may be amended, supplemented or replaced from time to time.

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

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

"Calendar Month" shall mean each of the twelve (12) calendar months of the year.

"CC&R's" shall mean any covenants, conditions, restrictions, maintenance agreements or reciprocal easement agreements affecting the Project or the Mortgaged Property.

"CDLAC" means the California Debt Limit Allocation Committee or its successors.

"Citi Loan" shall have the meaning set forth in the recitals hereto.

"Citi Loan Agreement" shall mean the Construction Loan Agreement, dated as of the [June], 1 2026, between Funding Lender and Borrower, as such agreement has been or may be amended, modified, supplemented and replaced from time to time.

"Citi Loan Note" shall have the meaning set forth in the recitals hereto.

"Citi Loan Security Instrument" shall have the meaning set forth in the recitals hereto.

"Citibank Taxable Permanent Loan" shall mean the taxable permanent loan to be made by Citibank to the Borrower on the Conversion Date, subject to a Pari Passu Agreement among Citibank, the Borrower and the Guarantor.

"Citibank Taxable Permanent Loan Agreement" shall mean the Loan Agreement, to be dated on or about the Conversion Date, between Funding Lender and Borrower, pursuant to which the Citibank Taxable Permanent Loan will be made, as such agreement may be amended, modified, supplemented or replaced from time to time.

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

"Collateral" shall mean all collateral described in (i) this Borrower Loan Agreement (including, without limitation, all property in which the Governmental Lender and the Funding Lender is granted a security interest pursuant to any provision of this Borrower Loan Agreement), (ii) the Security Instrument, or (iii) any other Security Document, which Collateral shall include

the Project, all of which collateral (exclusive of the Unassigned Rights) is pledged and assigned to Funding Lender under the Funding Loan Agreement to secure the Funding Loan.

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

"Completion Date" shall have the meaning set forth in the Citi Loan Agreement.

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

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

"Conditions to Conversion" shall have the meaning ascribed thereto in the Construction Funding Agreement.

"Conditions to Funding" shall have the meaning set forth in the Forward Commitment Agreement.

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

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

"Construction Funding Agreement" shall mean that certain Construction Funding Agreement of even date herewith, between the Funding Lender and the Borrower, as such agreement may be amended, modified, supplemented and replaced from time to time.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement of even date herewith, between the Borrower and the Funding Lender, pursuant to which the Borrower agrees to provide certain information with respect to the Project, the Borrower and the Funding Loan subsequent to the Funding Date, as amended, supplemented or restated from time to time.

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

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

"Conversion" shall mean Funding Lender's determination that the Conditions to Conversion have been satisfied in accordance with the provisions of this Borrower Loan Agreement and the Construction Funding Agreement.

"Conversion Date" shall mean the date to be designated by Funding Lender once the Conditions to Conversion have been satisfied, the determination of the Permanent Period Amount has been made and any loan balancing payments in accordance with Section 3.3 hereof and the Construction Funding Agreement have been made. The Conversion Date must occur no later than the Outside Conversion Date.

"Cost Breakdown" shall mean the schedule of costs for the Improvements, as set forth in the Citi Loan Agreement, as the same may be amended from time to time with Funding Lender's consent.

"Costs of Funding" shall mean the Governmental Lender's Closing Fee (if any) and the fees, costs, expenses and other charges incurred in connection with the funding of the Borrower Loan and the Funding Loan, the negotiation and preparation of this Borrower Loan Agreement and each of the other Borrower Loan Documents and Funding Loan Documents and shall include, but shall not be limited to, the following: (i) counsel fees (including but not limited to Tax Counsel, counsel to the Governmental Lender, Borrower's counsel and Funding Lender's counsel); (ii) financial advisor fees incurred in connection with the closing of the Borrower Loan and the Funding Loan; (iii) certifying and authenticating agent fees and expenses related to funding of the Funding Loan; (iv) printing costs (for any preliminary and final offering materials relating to the Funding Loan); (v) any recording fees; (vi) any additional fees charged by the Governmental Lender including the fees and expenses of the Governmental Lender's financial advisor, if any; (vii) Fiscal Agent Fees; and (viii) costs incurred in connection with any required public notices generally and costs of any public hearing related to the Funding Loan and the financing of the Project with the proceeds thereof.

"Costs of Funding Deposit" shall mean the amount required to be deposited by the Borrower with the Title Company to pay Costs of Funding in connection with the closing of the Borrower Loan and the Funding Loan on the Funding Date.

"County" shall mean the County of San Diego, California.

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

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

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

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

"Delivery Date" shall have the meaning set forth in the recitals hereto.

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

"Developer Fee" shall have the meaning set forth in the Citi Loan Agreement.

"Disbursement" shall mean a Disbursement of Borrower Loan Proceeds and Other Borrower Moneys pursuant to this Borrower Loan Agreement.

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

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

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

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

"Equity Investor" shall mean, collectively [RSEP Holding, LLC, a Delaware limited liability company], together with its successors and/or assigns in accordance with the terms of the Security Instrument and the Partnership Agreement.

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

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

"Event of Default" shall mean any Event of Default set forth in Section 8.1 of this Borrower Loan Agreement. An Event of Default shall "exist" if a Potential Default shall have occurred and be continuing beyond any applicable cure period.

"Excess Revenues" shall have the meaning ascribed thereto in Section 2.2(e) hereof.

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

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

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

"Fiscal Agent" shall mean U.S. Bank Trust Company, National Association, [a national banking association], in its capacity as Fiscal Agent to the Governmental Lender, its successors and assigns.

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

"Force Majeure" shall have the meaning given to that term in the Citi Loan Agreement.

"Forward Commitment Agreement" shall have the meaning given to such term in the recitals to the Funding Loan Agreement.

"Funding Date" shall mean [Funding Date], the date on which the Conditions to Funding are satisfied and the Funding Lender makes the Funding Loan.

"Funding Lender" shall mean Citibank, N.A., a national banking association, in its capacity as lender under the Funding Loan.

"Funding Loan" shall mean the loan in the original principal amount of $[Par Amount] made by Funding Lender to Governmental Lender under the Funding Loan Agreement, the proceeds of which are being used by the Trustee to pay the purchase price of the Bonds on the Funding Date.

"Funding Loan Agreement" shall mean the Funding Loan Agreement, of even date herewith, between the Governmental Lender and the Funding Lender, which supersedes the Indenture, as it may from time to time be supplemented, modified or amended by one or more amendments or other instruments supplemental thereto entered into pursuant to the applicable provisions thereof.

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

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

"General Partner" shall mean, collectively, (i) Bold Hillcrest LLC, a California limited liability company, as the managing general partner, (ii) Hillcrest Hall AGP LLC, a California limited liability company, as the co-administrative general partner ("Hillcrest Hall AGP"), (iii) E. Smith Hillcrest Hall LLC, a California limited liability company, as the co-administrative general partner ("E. Smith" and, together with Hillcrest Hall AGP, the "Administrative General Partner"), and/or (iv) any other Person that the partners of the Borrower, with the prior written approval of the Funding Lender (or as otherwise permitted without the Funding Lender's approval pursuant to the Borrower Loan Documents), selected to be a General Partner of the Borrower.

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

"Governmental Lender" shall have the meaning set forth in the first paragraph of this Borrower Loan Agreement.

"Governmental Lender Note" shall mean that certain Housing Authority of the City of San Diego Multifamily Housing Revenue Note (Hillcrest Hall) 20[__] Issue [_] dated the Funding Date in the original principal amount of the Funding Loan, made by the Governmental Lender and payable to the Funding Lender, as it may be amended, supplemented or replaced from time to time.

"Governmental Lender's Closing Fee" shall mean the issuance fee of the Governmental Lender in the amount and payable as set forth in Section 17 of the Regulatory Agreement.

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

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

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

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

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

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

"Guarantor" shall mean, collectively, Castellan Holdings, LLC, a Delaware limited liability company, and/or any other person or entity which may hereafter become a guarantor of any of the Borrower's obligations under the Borrower Loan.

"Guaranty" shall mean, collectively, (i) the Completion and Repayment Guaranty, dated as of [June], 1 2026, by the Guarantor for the benefit of the Beneficiary Parties (as defined therein), and (ii) the Exceptions to Non-Recourse Guaranty, dated as of [June], 1 2026, by the Guarantor for the benefit of the Beneficiary Parties (as defined therein).

"Improvements" shall mean the 98-unit (including one manager's unit) multifamily residential rental project to be constructed upon the Land and known or to be known as Hillcrest Hall, and all other buildings, structures, fixtures, wiring, systems, equipment and other

improvements and personal property to be constructed, rehabilitated and/or installed at or on the Land in accordance with the Cost Breakdown and the Plans and Specifications.

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

"Indenture" shall have the meaning set forth in the recitals hereto.

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

"Interest Rate" shall mean the rate of interest accruing on the Borrower Loan pursuant to the Borrower Note.

"Interim Phase Amount" shall mean $[Par Amount], the original principal amount of the Governmental Lender Note.

"Land" shall mean the real property described on Exhibit A to the Security Instrument.

"Late Charge" shall mean the amount due and payable as a late charge on overdue payments under the Borrower Note, as provided in Section 7 of the Borrower Note and Section 2.5 hereof.

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

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

"Liabilities" shall have the meaning set forth in Section 5.15 hereof.

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

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

"Loan Agreement" shall have the meaning set forth in the recitals hereto.

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

"Manager" shall mean FPI Management Inc., a California corporation, or any other management company to be employed by the Borrower and approved by the Funding Lender in accordance with the terms of the Security Instrument, this Borrower Loan Agreement or any of the other Borrower Loan Documents.

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

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

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

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

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

"Ongoing Governmental Lender Fee" shall mean the annual fee of the Governmental Lender in the amount, and payable, as set forth in Section 17 of the Regulatory Agreement.

"Other Borrower Moneys" shall mean monies of Borrower other than Borrower Loan Proceeds and includes, but is not limited to, the Subordinate Debt, Net Operating Income, the Borrower's Equity Contributions and any other funds contributed by or loaned to the Borrower for application to the Costs of the Improvements or other costs associated with the Project.

"Other Charges" shall mean all maintenance charges, impositions other than Taxes, and any other charges, including vault charges and license fees for the use of vaults, chutes and similar

areas adjoining the Project, now or hereafter levied or assessed or imposed against the Project or any part thereof.

"Outside Conversion Date" shall have the meaning set forth in the Construction Funding Agreement.

"Partnership Agreement" shall mean that certain Amended and Restated Agreement of Limited Partnership of the Borrower dated as of [_____], 1 2026, as the same may be amended, restated or modified in accordance with its terms.

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

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

"Permanent Period" shall mean the period of time from the Conversion Date to the Maturity Date (as defined in the Funding Loan Agreement).

"Permanent Period Amount" shall mean the principal amount of the Borrower Loan following the calculation provided for in the Construction Funding Agreement.

"Permitted Encumbrances" shall have the meaning given to that term in the Security Instrument.

"Permitted Lease" shall mean a lease and occupancy agreement pursuant to the form approved by Funding Lender, to a residential tenant in compliance with the Legal Requirements, providing for an initial term of not less than six (6) months nor more than two (2) years.

"Person" shall mean a natural person, a partnership, a joint venture, an unincorporated association, a limited liability company, a corporation, a trust, any other legal entity, or any Governmental Authority.

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

"Plans and Specifications" shall mean the plans and specifications for the construction and/or rehabilitation, as the case may be, of the Project approved by Funding Lender.

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

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

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

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

"Provided Information" shall have the meaning set forth in Section 9.1.1 (a) hereof.

"Qualified Project Costs" shall mean costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with Section 1.103-8(a)(1) of the Regulations, provided, however, that only such portion of the interest accrued during rehabilitation or construction of the Project shall be eligible to be a Qualified Project Cost as is so capitalized and as bears the same ratio to all such interest as the Qualified Project Costs bear to all costs of the acquisition and construction or rehabilitation of the Project; and provided further that interest accruing after the date of completion of the construction or rehabilitation of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by a Borrower Affiliate (whether as general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out of pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof) and (B)any overhead expenses incurred by such Affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an "affiliated group" (within the meaning of Section 1504 of the Code) participating in the construction or rehabilitation of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to June 21, 2024, being the date on which the Governmental Lender first declared its "official intent" to reimburse costs paid with respect to the Project (within the meaning of Section 1.150-2 of the Regulations) or the date of issue of the Governmental Lender Note, and (iv) if the costs of the acquisition and construction or rehabilitation, as the case may be, of the Project were previously paid and are to be reimbursed with proceeds of the Governmental Lender Note such costs were (A) costs of issuance of the Governmental Lender Note, (B) "preliminary expenditures" (within the meaning of Section 1.150-2(f)(2) of the Regulations) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition and construction or rehabilitation, as the case may be, of the Project that do not exceed twenty percent (20%) of the issue price of the Governmental Lender Note (as defined in Section 1.148-1 of the Regulations), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid); provided, however, that (w) Costs of Funding shall not be deemed to be Qualified Project

Costs; (x) fees, charges or profits (including, without limitation, developer fees) payable to the Borrower or a "related person" (within the meaning of Section 144(a)(3) of the Code) shall not be deemed to be Qualified Project Costs; (y) letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk shall be allocated between Qualified Project Costs and other costs and expenses to be paid from the proceeds of the Funding Loan; and (z) letter of credit fees and municipal bond insurance premiums which do not represent a transfer of credit risk (including, without limitation, letter of credit fees payable to a "related person" to the Borrower) shall not constitute Qualified Project Costs.

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

"Rebate Analyst" shall mean the rebate analyst selected by the Borrower prior to the Funding Date and acceptable to the Governmental Lender and the Funding Lender. The initial Rebate Analyst shall be [Rebate Analyst].

"Rebate Analyst's Fee" shall mean the fee of the Rebate Analyst. The Rebate Analyst's Fee is payable by the Borrower to the Rebate Analyst.

"Rebate Fund" shall mean the Rebate Fund created pursuant to Section 5.35 hereof.

"Regulatory Agreement" shall mean the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [_____], 1 2026, by and among the Governmental Lender, the Fiscal Agent and the Borrower, as it may be amended or modified in accordance with its terms.

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

"REMIC" means a "real estate mortgage investment conduit" within the meaning of Section 860D of the Tax Code.

"Replacement Reserve Agreement" shall mean the Replacement Reserve Agreement, dated as of [_____], 1 2026, between the Borrower and the Funding Lender, as the same may be amended, restated or supplemented from time to time.

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

"Review Fee" shall mean the three thousand dollar ($3,000) fee payable to Funding Lender in connection with the review of requests from the Borrower in connection with events requiring the consent and/or approval of the Funding Lender, including, but not limited to, subordinate financings and easements.

"Secondary Market Disclosure Document" shall have the meaning set forth in Section 9.1.2 hereof.

"Secondary Market Transaction" shall have the meaning set forth in Section 9.1.1 hereof.

"Securities" shall have the meaning set forth in Section 9.1.1 hereof.

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

"Security Documents" shall mean the Security Instrument, the Replacement Reserve Agreement, the Collateral Agreements, the Collateral Assignments, this Borrower Loan Agreement, the Agreement of Environmental Indemnification, and such other security instruments that Funding Lender may reasonably request.

"Security Instrument" shall have the meaning set forth in the recitals hereto.

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

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

"Standard & Poor's" or "S&P" shall mean S&P Global Ratings, a division of Standard & Poor's Rating Services, and its successors.

"State" shall mean the State of California.

"Subordinate City Loan" shall mean the subordinate loan to the Borrower in the original maximum principal amount of $3,175,000, made as of the Delivery Date.

"Subordinate Construction Loan" shall mean the subordinate construction loan to the Borrower in the original maximum principal amount of $[Mortgage Loan], made as of the Delivery Date.

"Subordinate Credit Loan" shall mean the subordinate state credit loan made to the Borrower in the original maximum principal amount of $[____], made as of the Delivery Date.

"Subordinate Debt" shall mean, collectively, the Subordinate Housing Commission Loan, the Subordinate Construction Loan, the Subordinate City Loan, the Subordinate Foundation Loan, and the Subordinate Credit Loan.

"Subordinate Foundation Loan" shall mean the subordinate loan to the Borrower in the original maximum principal amount of $2,000,000, made as of December 29, 2025.

"Subordinate Lender" shall mean, (i) with respect to the Subordinate Housing Commission Loan, the San Diego Housing Commission, (ii) with respect to the Subordinate Construction Loan, Citibank, N.A., (iii) with respect to the Subordinate City Loan, the City of San Diego, (iv) with

respect to the Subordinate Foundation Loan, the San Diego Foundation, and (v) with respect to the Subordinate Credit Loan, [_____].

"Subordinate Loan Documents" shall mean, collectively, all instruments, agreements and other documents evidencing, securing or otherwise relating to the Subordinate Debt or executed and delivered by the Borrower and/or the Subordinate Lender in connection with the Subordinate Debt.

"Subordinate Housing Commission Loan" shall mean the subordinate loan to the Borrower in the original maximum principal amount of $[5,000,000], made as of the Delivery Date.

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

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

"Term" shall mean the term of this Borrower Loan Agreement pursuant to Section 10.14.

"Title Company" shall mean First American Title Insurance Company, through its authorized agent, Newmark Title Services, LLC.

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

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

"Trustee" shall have the meaning set forth in the recitals hereto.

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

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

"Underwritten Management Fee" shall have the meaning set forth in the Construction Funding Agreement.

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

"Written Consent" and "Written Notice" shall mean a written consent or notice signed by an Authorized Borrower Representative or an authorized representative of the Governmental Lender or the Funding Lender, as appropriate.

ARTICLE II

GENERAL

Section 2.1. Borrower Loan. In order to provide funds for the purposes provided herein, the Governmental Lender agrees that it will, in accordance with the Act, enter into the Funding

Loan Agreement and accept the Funding Loan from the Funding Lender on the Funding Date to purchase the Governmental Lender Note, upon which the Governmental Lender will cause the Borrower to deliver the Borrower Note to evidence the Borrower Loan. The proceeds of the Funding Loan will be used by the Governmental Lender to pay the purchase price of the Bonds on the Funding Date in accordance with the terms of the Indenture.

The Governmental Lender hereby appoints the Funding Lender as its agent with full authority and power to act on its behalf (other than with respect to the Unassigned Rights) to take certain actions and exercise certain remedies with respect to the Borrower Loan, and for the other purposes set forth in this Borrower Loan Agreement and to do all other acts necessary or incidental to the performance and execution thereof. This appointment is coupled with an interest and is irrevocable except as expressly set forth herein. Accordingly, references to the rights of the Funding Lender to take actions under this Borrower Loan Agreement shall refer to Funding Lender in its role as agent of the Governmental Lender. The Funding Lender may, in its discretion, designate Servicer to fulfill the rights and responsibilities granted by Governmental Lender to Funding Lender pursuant to this Section 2.1.

Section 2.2. Security for the Funding Loan.

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

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

(i) *Tax Covenants*. Seek specific performance of, and enforce, the covenants in Section 8.7 of the Funding Loan Agreement, the provisions of the Regulatory Agreement, the Tax Certificate and the covenants of the Borrower in Section 5.35 of this Borrower Loan Agreement, and seek injunctive relief against acts which may be in violation of any of the foregoing covenants, and to enforce the Borrower's obligation under Section 5.35 to pay amounts for credit to the Rebate Fund;

(ii) *Regulatory Agreement*. Seek specific performance of the obligations of the Borrower or any other owner of the Project under the Regulatory Agreement and injunctive relief against acts which may be in violation of the Regulatory Agreement or otherwise in accordance with the provisions of the Regulatory Agreement; provided, however, that the Governmental Lender may

enforce any right it may have under the Regulatory Agreement for monetary damages only against Excess Revenues (defined below), if any, of the Borrower, unless Funding Lender otherwise specifically consents in writing to the use of other funds; and

(iii) *Reserved Rights*. Take whatever action at law or in equity which appears necessary or desirable to enforce the other Unassigned Rights; provided, however, that the Governmental Lender or any person under its control may only enforce any right it may have for monetary damages against Excess Revenues, if any, of the Borrower, unless the Funding Lender otherwise specifically consents in writing to the enforcement against other funds of the Borrower.

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

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

(ii) except in connection with actions permitted under Section 2.2(b) above, take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due under, the Borrower Loan or which the Governmental Lender has reason to know or expect would have the effect, of causing the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future; or

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

(iv) take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Borrower Loan or the Funding Loan.

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

(e) As used in this Section 2.2, the term "Excess Revenues" means, for any period, the net cash flow of the Borrower available for distribution or payment to shareholders, members or partners (as the case may be) for such period, after the payment of all interest expense, the amortization of all principal of all indebtedness coming due during such period (whether by maturity, mandatory sinking fund payment, acceleration or otherwise) with respect to the Project, the payment of all fees, costs and expenses on an occasional or recurring basis in connection with the Borrower Loan or the Funding Loan, the payment of all operating, overhead, ownership and other expenditures of the Borrower

directly or indirectly in connection with the Project (whether any such expenditures are current, capital or extraordinary expenditures), and the setting aside of all reserves for taxes, insurance, water and sewer charges or other similar impositions, capital expenditures, repairs and replacements and all other amounts which the Borrower is required to set aside pursuant to agreement, but excluding depreciation and amortization of intangibles.

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

(a) The Funding Loan shall be funded in full by the Funding Lender on the Funding Date. Upon funding of the Funding Loan, the Borrower will deliver the Borrower Note to evidence the Borrower Loan, which Borrower Note will supersede and replace the Bond Note. The Borrower Loan shall mature and be payable at the times and in the amounts required under the terms hereof and of the Borrower Note. The Borrower hereby accepts the Borrower Loan and acknowledges that the Borrower Loan Agreement supersedes the Loan Agreement.

(b) The Borrower hereby agrees to replace the Bond Note with the Borrower Note and accepts the Borrower Loan as evidenced by the Borrower Note. As evidence of its obligation to repay the Borrower Loan, simultaneously with the delivery of this Borrower Loan Agreement to the Governmental Lender, the Borrower hereby agrees to execute and deliver the Borrower Note. The Borrower Loan shall mature and be payable at the times and in the amounts required under the terms hereof and the Borrower Note. The Governmental Lender shall assign the Borrower Note without recourse or warranty to the Funding Lender on the Funding Date as a condition to closing of the Funding Loan.

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

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

(ii) delivery into escrow with the Title Company (or separate escrow company, if applicable) of all amounts required to be paid in connection with the origination of the Funding Loan, including the Costs of Funding Deposit, all as specified in written instructions delivered to the Title Company by counsel to the Funding Lender (or such other counsel as may be acceptable to the Funding Lender) and as specified in a closing memorandum of the Funding Lender; and

(iii) payment of all fees payable in connection with the closing of the Borrower Loan and the fees and expenses of the Fiscal Agent, the Governmental Lender and the Funding Lender.

In addition, the Borrower shall cause the delivery of an opinion of counsel to the Borrower addressed to the Governmental Lender, the Fiscal Agent and the Funding Lender, dated the Funding Date, in form and substance acceptable to Tax Counsel, regarding the due execution by the Borrower of, and the enforceability against the Borrower of, the Borrower Loan Documents.

Section 2.4. Borrower Loan Payments.

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

(b) Unless there is no Servicer, payments of principal and interest on the Borrower Note shall be paid to the Servicer. If there is no Servicer, payments of principal and interest on the Borrower Note shall be paid directly to Funding Lender.

Section 2.5. Additional Borrower Payments.

(a) The Borrower shall pay the following amounts:

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

(ii) to the Governmental Lender, the Ongoing Governmental Lender Fee in and at the times and in the amounts specified in the Regulatory Agreement, and, on demand, all fees, charges, costs, advances, indemnities and Expenses, including agent and counsel fees, of the Governmental Lender incurred by the Governmental Lender in connection with the Borrower Loan Documents or the Funding Loan Documents or the Project, including, without limitation, reasonable counsel fees and expenses incurred in connection with the interpretation, performance, or amendment and all counsel fees and expenses relating to the

enforcement of the Borrower Loan Documents or the Funding Loan Documents or any other documents relating to the Project or the Borrower Loan or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit, as and when the same become due;

(iii) [reserved];

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

(v) to the Funding Lender, on demand, all charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Funding Lender incurred by the Funding Lender at any time in connection with the Borrower Loan, the Funding Loan or the Project, including, without limitation, any Review Fee, reasonable counsel fees and expenses incurred in connection with the interpretation, performance, or amendment and all counsel fees and expenses relating to the enforcement of the Borrower Loan Documents or the Funding Loan Documents or any other documents relating to the Project or the Borrower Loan or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit;

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

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

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

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

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

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

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

(c) The Borrower shall pay to the Governmental Lender the Issuer Fee, as such term is defined in and at the times and in the amounts specified in the Regulatory Agreement.

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

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

Section 2.8. Grant of Security Interest; Application of Funds. To the extent not inconsistent with the Security Instrument and as security for payment of the Borrower Payment Obligations and the performance by the Borrower of all other terms, conditions and provisions of the Borrower Loan Documents, the Borrower hereby pledges and assigns to the Funding Lender, and grants to the Funding Lender, a security interest in, all the Borrower's right, title and interest in and to all payments to or moneys held in the funds and accounts created and held by the Funding Lender, the Fiscal Agent or the Servicer for the Project. This Borrower Loan Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of an Event of Default hereunder, the Funding Lender, the Fiscal Agent and the Servicer shall apply or cause to be applied any sums held by the Funding Lender, the Fiscal Agent and the Servicer with respect to the Project in any manner and in any order determined by Funding Lender, in Funding Lender's sole and absolute discretion.

Section 2.9. Marshalling; Payments Set Aside. The Governmental Lender, the Fiscal Agent and the Funding Lender shall be under no obligation to marshal any assets in favor of the Borrower or any other Person or against or in payment of any or all of the proceeds. To the extent that the Borrower makes a payment or payments or transfers any assets to the Governmental Lender, the Fiscal Agent or the Funding Lender, or the Governmental Lender, the Fiscal Agent or the Funding Lender enforces its liens, and such payment or payments or transfers, or the proceeds of such enforcement or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party in connection

with any insolvency proceeding, or otherwise, then: (i) any and all obligations owed to the Governmental Lender, the Fiscal Agent or the Funding Lender and any and all remedies available to the Governmental Lender, the Fiscal Agent or the Funding Lender under the terms of the Borrower Loan Documents and the Funding Loan Documents or in law or equity against the Borrower, Guarantor or General Partner and/or any of their properties shall be automatically revived and reinstated to the extent (and only to the extent) of any recovery permitted under clause (ii) below; and (ii) the Governmental Lender and the Funding Lender shall be entitled to recover (and shall be entitled to file a proof of claim to obtain such recovery in any applicable bankruptcy, insolvency, receivership or fraudulent conveyance or fraudulent transfer proceeding) either: (x) the amount of payments or the value of the transfer or (y) if the transfer has been undone and the assets returned in whole or in part, the value of the consideration paid to or received by the Borrower for the initial asset transfer, plus in each case any deferred interest from the date of the disgorgement to the date of distribution to the Governmental Lender, the Fiscal Agent or the Funding Lender in any bankruptcy, insolvency, receivership or fraudulent conveyance or fraudulent transfer proceeding, and any costs and expenses due and owing, including, without limitation, any reasonable attorneys' fees incurred by the Governmental Lender, the Fiscal Agent or the Funding Lender in connection with the exercise by the Governmental Lender, the Fiscal Agent or the Funding Lender of its rights under this Section 2.9.

ARTICLE III

CONVERSION

Section 3.1. Conversion Date and Extension of Outside Conversion Date. Borrower shall satisfy each of the Conditions to Conversion and cause the Conversion Date to occur on or before the Outside Conversion Date, as further provided in the Construction Funding Agreement. The failure to satisfy each of the Conditions to Conversion on or before the Outside Conversion Date shall constitute an Event of Default under the Borrower Loan Documents.

Section 3.2. Notice From Funding Lender; Funding Lender's Calculation Final.

Following satisfaction of all of the Conditions to Conversion, Funding Lender shall deliver Written Notice to Borrower and the Governmental Lender of: (i) the Conversion Date, (ii) the amount of the Permanent Period Amount, (iii) any required prepayment of the Borrower Note (as described below in Section 3.3) and (iv) any amendments to the amortization schedule, as applicable.

Funding Lender's calculation of the Permanent Period Amount and any amendments to the amortization of the Borrower Loan shall be, in the absence of manifest error, conclusive and binding on all parties.

Section 3.3. Mandatory Prepayment of the Borrower Loan.

(a) As further provided in the Construction Funding Agreement, if and to the extent the Permanent Period Amount is less than the Interim Phase Amount, Funding Lender may in its sole discretion require Borrower to make a partial prepayment of the Borrower Loan in an amount equal to the difference between the Interim Phase Amount and the Permanent Period Amount,

provided, however, that if the Permanent Period Amount is less than the Minimum Permanent Period Amount (as defined in the Construction Funding Agreement), then Funding Lender may in its sole discretion require Borrower to prepay the Borrower Loan in full.

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

Section 3.4. No Amendment. Nothing contained in this Article III shall be construed to amend, modify, alter, change or supersede the terms and provisions of the Borrower Note, the Security Instrument, the Construction Funding Agreement or any other Borrower Loan Document and, if there shall exist a conflict between the terms and provisions of this Article III and those of the Borrower Note, the Security Instrument, the Construction Funding Agreement or other Borrower Loan Documents, then the terms and provisions of the Borrower Note, the Security Instrument, the Construction Funding Agreement and other Borrower Loan Documents shall control, provided, however, that in the event of a conflict between the terms and provisions of this Article III and those of the Borrower's loan application with the Funding Lender, the terms and provisions of this Article III shall control.

Section 3.5. Determinations by Funding Lender. In any instance where the consent or approval of Funding Lender may be given or is required, or where any determination, judgment or decision is to be rendered by Funding Lender under this Article III, including in connection with the Construction Funding Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Funding Lender (or its designated representative), at its sole and exclusive option and in its sole and absolute discretion.

Section 3.6. Notice to CDLAC and Governmental Lender Prior to Conversion Date. The Borrower agrees to provide at least 30 days prior written notice to CDLAC and the Governmental Lender of any prepayment of the Borrower Loan prior to or in connection with the Conversion Date, which may be given to such parties at their respective notice addresses set forth in the Regulatory Agreement and the Funding Loan Agreement, or by mutually acceptable electronic means, for the purpose of facilitating recycling of volume cap as described in Section 3.3 of the Funding Loan Agreement. Any defect in such notice shall not constitute a default hereunder, under the other Borrower Loan Documents or the Regulatory Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1. Borrower Representations. To induce the Governmental Lender and Funding Lender to execute this Borrower Loan Agreement and to induce Funding Lender to make the Funding Loan, the Borrower represents and warrants for the benefit of the Governmental Lender, Funding Lender and the Servicer, that the representations and warranties set forth in this Section 4.1 are complete and accurate as of the Funding Date and, subject to Section 4.2 hereof, shall survive the making of the Borrower Loan and will be complete and accurate, and deemed remade, except as otherwise noted through notice to Funding Lender and approved by Funding

Lender, as of the original Outside Conversion Date, as of the date of any extension thereof and as of the Conversion Date in accordance with the terms and conditions of the Borrower Note.

Section 4.1.1. Organization; Special Purpose. The Borrower is in good standing under the laws of the State, has full legal right, power and authority to enter into the Borrower Loan Documents to which it is a party, and to carry out and consummate all transactions contemplated by the Borrower Loan Documents to which it is a party, and by proper limited partnership action has duly authorized the execution, delivery and performance of the Borrower Loan Documents to which it is a party. The Person(s) of the Borrower executing the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party are fully authorized to execute the same. The Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower. The sole business of the Borrower is the ownership, management and operation of the Project.

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

Section 4.1.3. No Conflicts. The execution and delivery of the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the Partnership Agreement of the Borrower, or to the best knowledge of the Borrower and with respect to the Borrower, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower (other than the lien of the Regulatory Agreement, the Security Instrument and the Permitted Encumbrances), which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents, or the financial condition, assets, properties or operations of the Borrower.

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

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

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

No consent or approval of any trustee or holder of any indebtedness of the Borrower, and to the best knowledge of the Borrower and only with respect to the Borrower, no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except no representation is made with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of the Borrower Loan Documents or

the Funding Loan Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

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

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

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

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

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

Section 4.1.11. Compliance. The Borrower, the Project and the use thereof will comply, to the extent required, in all material respects with all applicable Legal Requirements. The Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, the violation of which would materially adversely affect the financial condition or business prospects or the business of the Borrower. There has not been committed

by the Borrower or any Borrower Affiliate involved with the operation or use of the Project any act or omission affording any Governmental Authority the right of forfeiture as against the Project or any part thereof or any moneys paid in performance of the Borrower's obligations under any Borrower Loan Document or any Funding Loan Documents.

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

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

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

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

Section 4.1.16. Utilities and Public Access. To the best of the Borrower's knowledge, the Project is or will be served by water, sewer, sanitary sewer and storm drain facilities adequate to service it for its intended uses. All public utilities necessary or convenient to the full use and enjoyment of the Project are or will be located in the public right-of-way abutting the Project, and all such utilities are or will be connected so as to serve the Project without passing over other property absent a valid easement. All roads necessary for the use of the Project for its current purpose have been or will be completed and dedicated to public use and accepted by all Governmental Authorities. Except for Permitted Encumbrances, the Project does not share ingress and egress through an easement or private road or share on-site or off-site recreational facilities and amenities that are not located on the Project and under the exclusive control of the Borrower, or where there is shared ingress and egress or amenities, there exists an easement or joint use and

maintenance agreement under which (i) access to and use and enjoyment of the easement or private road and/or recreational facilities and amenities is perpetual, (ii) the number of parties sharing such easement and/or recreational facilities and amenities must be specified, (iii) the Borrower's responsibilities and share of expenses are specified, and (iv) the failure to pay any maintenance fee with respect to an easement will not result in a loss of usage of the easement.

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

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

Section 4.1.19. Assessments. There are no pending or, to the Borrower's best knowledge, proposed special or other assessments for public improvements or otherwise affecting the Project, or any contemplated improvements to the Project that may result in such special or other assessments.

Section 4.1.20. Enforceability. The Borrower Loan Documents and the Funding Loan Documents are not subject to, and the Borrower has not asserted, any right of rescission, set-off, counterclaim or defense, including the defense of usury.

Section 4.1.21. Insurance. The Borrower has obtained the insurance required by the Security Instrument and has delivered to the Servicer copies of insurance policies or certificates of insurance reflecting the insurance coverages, amounts and other requirements set forth in this Borrower Loan Agreement and the Security Instrument.

Section 4.1.22. Use of Property; Licenses. The Project will be used exclusively as a multifamily residential rental project and other appurtenant and related uses, which use is consistent with the zoning classification for the Project. All certifications, permits, licenses and approvals, including certificates of completion and occupancy permits required for the legal use or legal, nonconforming use, as applicable, occupancy and operation of the Project (collectively, the "Licenses") required at this time for the construction or rehabilitation, as the case may be, and equipping of the Project have been obtained. To the Borrower's knowledge, all Licenses obtained by the Borrower have been validly issued and are in full force and effect. The Borrower has no reason to believe that any of the Licenses required for the future use and occupancy of the Project and not heretofore obtained by the Borrower will not be obtained by the Borrower in the ordinary course following the Completion Date. No Licenses will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure sale under the Security Instrument or deed in lieu of foreclosure thereunder. The Project does not violate any density or building setback requirements of the applicable zoning law except to the extent, if any, shown on the survey. No proceedings are, to the best of the Borrower's knowledge, pending or threatened that would result in a change of the zoning of the Project.

Section 4.1.23. Flood Zone. On the Funding Date, no structure within the Mortgaged Property lies or is located in an identifiable or designated Special Flood Hazard Area. After the Funding Date, if the Mortgaged Property is determined to be in a Special Flood Hazard Area,

Borrower will obtain appropriate flood insurance as required under the National Flood Insurance Act of 1968, Flood Disaster Protection Act of 1973, or the National Flood Insurance Reform Act of 1994 as amended or as required by the Servicer pursuant to its underwriting guidelines.

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

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

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

Section 4.1.27. Filing and Recording Taxes. All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal Requirements in connection with the transfer of the Project to the Borrower have been paid. All mortgage, mortgage recording, stamp, intangible or other similar taxes required to be paid by any Person under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Borrower Loan Documents and the Funding Loan Documents have been or will be paid.

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

Section 4.1.29. Fraudulent Transfer. The Borrower has not accepted the Borrower Loan or entered into any Borrower Loan Document or Funding Loan Document with the actual intent to hinder, delay or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations under the Borrower Loan Documents and the Funding Loan Documents. Giving effect to the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents, the fair saleable value of the Borrower's assets exceeds and will, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents, exceed the Borrower's total liabilities, including subordinated,

unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower's assets is and will, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents, be greater than the Borrower's probable liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. The Borrower's assets do not and, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. The Borrower does not intend to, and does not believe that it will, incur debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

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

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

Section 4.1.32. Name; Principal Place of Business. Unless prior Written Notice is given to the Funding Lender, the Borrower does not use and will not use any trade name, and has not done and will not do business under any name other than its actual name set forth herein. The principal place of business of the Borrower is its primary address for notices as set forth in Section 10.1 hereof, and the Borrower has no other place of business, other than the Project and such principal place of business.

Section 4.1.33. Subordinated Debt. There is no secured or unsecured indebtedness with respect to the Project or any residual interest therein, other than Permitted Encumbrances and the permitted indebtedness described in Section 6.7 hereof, except an unsecured deferred developer fee not to exceed the amount permitted by Funding Lender as determined on the Delivery Date, and unsecured, subordinate partner loans to the Borrower permitted or required under the terms of the Partnership Agreement.

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

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

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

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

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

Section 4.1.39. Requirements of Act**, Code and Regulations**. The Project satisfies all requirements of the Act and the Code (including any regulations thereunder) applicable to the Project.

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

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

Section 4.1.42. Concerning General Partner.

(a) Each General Partner of the Borrower is duly organized and validly existing under the laws of the State of California. Each General Partner has all requisite power and

authority, rights and franchises to enter into and perform its obligations under the Borrower Loan Documents and the Funding Loan Documents to be executed by such General Partner for its own account and on behalf of Borrower, as general partner of Borrower, under this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents.

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

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

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

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

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

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

Section 4.1.45. No Material Defaults. Except as previously disclosed to Funding Lender and the Governmental Lender in writing, there exists no material violation of or material default by Borrower under, and, to the best knowledge of Borrower, no event has occurred which, upon the giving of notice or the passage of time, or both, would constitute a material default with respect to: (i) the terms of any instrument evidencing, securing or guaranteeing any indebtedness secured by the Project or any portion or interest thereof or therein; (ii) any lease or other agreement affecting the Project or to which Borrower is a party; (iii) any license, permit, statute, ordinance, law, judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority, or any determination or award of any arbitrator to which Borrower or the Project may be bound; or (iv) any mortgage, instrument, agreement or document by which Borrower or any of its respective properties is bound; in the case of any of the foregoing: (1) which involves any Borrower Loan Document or Funding Loan Document; (2) which involves the Project and is not adequately covered by insurance; (3) that might materially and adversely affect the ability of Borrower, General Partner or Guarantor or to perform any of its respective obligations under any of the Borrower Loan Documents or the Funding Loan Documents or any other material instrument, agreement or document to which it is a party; or (4) which might adversely affect the priority of the Liens created by this Borrower Loan Agreement or any of the Borrower Loan Documents or the Funding Loan Documents.

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

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

Section 4.1.48. Patriot Act Compliance. Borrower is not now, nor has ever been (i) listed on any Government Lists (as defined below), (ii) a person who has been determined by a Governmental Authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC or in any enabling legislation or other Presidential Executive Orders in respect thereof, (iii) indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any Patriot Act Offense, or (iv) under investigation by any Governmental Authority for alleged criminal activity. For purposes hereof, the term "Patriot Act Offense" shall mean any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states, relating to terrorism or the laundering of monetary instruments, including any offense under (A) the criminal laws against terrorism, (B) the criminal laws against money laundering, (C) Bank Representative Secrecy Act, as amended, (D) the Money Laundering Control Act of 1986, as amended, or (E) the Patriot Act. "Patriot Act Offense" also includes the crimes of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense. For purposes hereof, the term "Government Lists" shall mean (1) the Specially Designated Nationals and Blocked Persons Lists maintained by the Office of Foreign Assets Control ("OFAC"), (2) any other list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC that Funding Lender notified Borrower in writing is now included in "Government Lists", or (3) any similar lists maintained by the United States Department of State, the United States Department of Commerce or any other Governmental Authority or pursuant to any Executive Order of the President of the United States of America that Funding Lender notified Borrower in writing is now included in "Government Lists".

Section 4.1.49. Rent Schedule. Borrower has prepared a prospective Unit absorption and rent collection schedule with respect to the Project substantially in the form attached as an exhibit to the Construction Funding Agreement, which schedule takes into account, among other relevant factors (i) a schedule of minimum monthly rentals for the Units, and (ii) any and all concessions including free rent periods, and on the basis of such schedule, Borrower believes it will collect rents with respect to the Project in amounts greater than or equal to debt service on the Borrower Loan.

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

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

Section 4.1.52. [Reserved].

Section 4.2. Survival of Representations and Covenants. All of the representations and warranties in Section 4.1 hereof and elsewhere in the Borrower Loan Documents (i) shall survive for so long as any portion of the Borrower Payment Obligations remains due and owing and (ii) shall be deemed to have been relied upon by the Governmental Lender and the Servicer notwithstanding any investigation heretofore or hereafter made by the Governmental Lender or the Servicer or on its or their behalf, provided, however, that the representations, warranties and covenants set forth in Section 4.1.31 hereof shall survive in perpetuity and shall not be subject to the exculpation provisions of Section 11.1 hereof.

ARTICLE V

AFFIRMATIVE COVENANTS

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

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

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

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

Section 5.3. Repairs; Maintenance and Compliance; Physical Condition. The Borrower shall cause the Project to be maintained in a good, habitable and safe (so as to not threaten the health or safety of the Project's tenants or their invited guests) condition and repair

(reasonable wear and tear excepted) as set forth in the Security Instrument and shall not remove, demolish or materially alter the Improvements or Equipment (except for removal of aging or obsolete equipment or furnishings in the normal course of business), except as provided in the Security Instrument.

Section 5.4. Litigation. The Borrower shall give prompt Written Notice to the Governmental Lender, the Funding Lender and the Servicer of any litigation, governmental proceedings or claims or investigations regarding an alleged actual violation of a Legal Requirement pending or, to the Borrower's knowledge, threatened against the Borrower which might materially adversely affect the Borrower's condition (financial or otherwise) or business or the Project.

Section 5.5. Performance of Other Agreements. The Borrower shall observe and perform in all material respects each and every term to be observed or performed by it pursuant to the terms of any agreement or instrument affecting or pertaining to the Project.

Section 5.6. Notices. The Borrower shall promptly advise the Governmental Lender, the Funding Lender and the Servicer of (i) any Material Adverse Change in the Borrower's financial condition, assets, properties or operations other than general changes in the real estate market, (ii) any fact or circumstance affecting the Borrower or the Project that materially and adversely affects the Borrower's ability to meet its obligations hereunder or under any of the other Borrower Loan Document to which it is a party in a timely manner, or (iii) the occurrence of any Potential Default or Event of Default of which the Borrower has knowledge. If the Borrower becomes subject to federal or state securities law filing requirements, the Borrower shall cause to be delivered to the Governmental Lender, the Funding Lender and the Servicer any Securities and Exchange Commission or other public filings, if any, of the Borrower within two (2) Business Days of such filing.

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

Section 5.8. Further Assurances. The Borrower shall, at the Borrower's sole cost and expense (except as provided in Section 9.1 hereof), (i) furnish to the Servicer and the Funding Lender all instruments, documents, boundary surveys, footing or foundation surveys (to the extent that Borrower's construction or renovation of the Project alters any existing building foundations or footprints), certificates, plans and specifications, appraisals, title and other insurance reports and agreements relating to the Project, reasonably requested by the Servicer or the Funding Lender for the better and more efficient carrying out of the intents and purposes of the Borrower Loan Documents and the Funding Loan Documents; (ii) execute and deliver to the Servicer and the Funding Lender such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to evidence, preserve and/or protect the collateral at any time securing or intended to secure the Borrower Loan, as the Servicer, the Fiscal Agent and the Funding Lender may reasonably require from time to time; (iii) do and execute all and such further

lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of the Borrower Loan Documents and the Funding Loan Documents, as the Servicer, the Fiscal Agent or the Funding Lender shall reasonably require from time to time; provided, however, with respect to clauses (i)-(iii) above, the Borrower shall not be required to do anything that has the effect of (A) changing the essential economic terms of the Borrower Loan or (B) imposing upon the Borrower greater personal liability under the Borrower Loan Documents and the Funding Loan Documents; and (iv) upon the Servicer's, the Fiscal Agent's or the Funding Lender's request therefor given from time to time after the occurrence of any Potential Default or Event of Default for so long as such Potential Default or Event of Default, as applicable, is continuing pay for (a) reports of UCC, federal tax lien, state tax lien, judgment and pending litigation searches with respect to the Borrower and (b) searches of title to the Project, each such search to be conducted by search firms reasonably designated by the Servicer, the Fiscal Agent or the Funding Lender in each of the locations reasonably designated by the Servicer, the Fiscal Agent or the Funding Lender.

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

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

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

Section 5.12. Estoppel Statement. The Borrower shall furnish to the Funding Lender, the Fiscal Agent or the Servicer for the benefit of the Funding Lender or the Servicer within ten

(10) days after request by the Funding Lender and the Servicer, with a statement, duly acknowledged and certified, setting forth (i) the unpaid principal of the Borrower Note, (ii) the applicable Interest Rate, (iii) the date installments of interest and/or principal were last paid, (iv) any offsets or defenses to the payment of the Borrower Payment Obligations, and (v) that the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party are valid, legal and binding obligations of the Borrower and have not been modified or, if modified, giving particulars of such modification, and no Event of Default exists thereunder or specify any Event of Default that does exist thereunder. The Borrower shall use commercially reasonable efforts to furnish to the Funding Lender or the Servicer, within 30 days of a request by the Funding Lender or Servicer, tenant estoppel certificates from each commercial tenant at the Project in form and substance reasonably satisfactory to the Funding Lender and the Servicer; provided that the Funding Lender and the Servicer shall not make such requests more frequently than twice in any year.

Section 5.13. Defense of Actions. The Borrower shall appear in and defend any action or proceeding purporting to affect the security for this Borrower Loan Agreement hereunder or under the Borrower Loan Documents and the Funding Loan Documents, and shall pay, in the manner required by Section 2.4 hereof, all costs and expenses, including the cost of evidence of title and attorneys' fees, in any such action or proceeding in which Funding Lender may appear. If the Borrower fails to perform any of the covenants or agreements contained in this Borrower Loan Agreement or any other Borrower Loan Document, or if any action or proceeding is commenced that is not diligently defended by the Borrower which affects the Funding Lender's interest in the Project or any part thereof, including eminent domain, code enforcement or proceedings of any nature whatsoever under any Federal or state law, whether now existing or hereafter enacted or amended, then the Funding Lender may make such appearances, disburse such sums and take such action as the Funding Lender deems necessary or appropriate to protect its interests. Such actions include disbursement of attorneys' fees, entry upon the Project to make repairs or take other action to protect the security of the Project, and payment, purchase, contest or compromise of any encumbrance, charge or lien which in the judgment of Funding Lender appears to be prior or superior to the Borrower Loan Documents or the Funding Loan Documents. The Funding Lender shall have no obligation to do any of the above. The Funding Lender may take any such action without notice to or demand upon the Borrower. No such action shall release the Borrower from any obligation under this Borrower Loan Agreement or any of the other Borrower Loan Documents or Funding Loan Documents. In the event (i) that the Security Instrument is foreclosed in whole or in part or that any Borrower Loan Document is put into the hands of an attorney for collection, suit, action or foreclosure, or (ii) of the foreclosure of any mortgage, deed of trust or deed to secure debt prior to or subsequent to the Security Instrument or any Borrower Loan Document in which proceeding the Funding Lender is made a party or (iii) of the bankruptcy of the Borrower or an assignment by the Borrower for the benefit of its creditors, the Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including actual attorneys' fees in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, which shall be due and payable together with all required service or use taxes.

Section 5.14. Expenses. The Borrower shall pay all reasonable expenses incurred by the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer (except as provided in Section 9.1 hereof) in connection with the Borrower Loan and the Funding Loan, including

reasonable fees and expenses of the Governmental Lender's, the Fiscal Agent's, the Funding Lender's and the Servicer's attorneys, environmental, engineering and other consultants, and fees, charges or taxes for the recording or filing of the Borrower Loan Documents and the Funding Loan Documents. The Borrower shall pay or cause to be paid all reasonable expenses of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer (except as provided in Section 9.1 hereof) in connection with the issuance or administration of the Borrower Loan and the Funding Loan, including audit costs, inspection fees, settlement of condemnation and casualty awards, and premiums for title insurance and endorsements thereto. The Borrower shall, upon request, promptly reimburse the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer for all reasonable amounts expended, advanced or incurred by the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer to collect the Borrower Note, or to enforce the rights of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer under this Borrower Loan Agreement or any other Borrower Loan Document, or to defend or assert the rights and claims of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer under the Borrower Loan Documents and the Funding Loan Documents arising out of an Event of Default or with respect to the Project (by litigation or other proceedings) arising out of an Event of Default, which amounts will include all court costs, attorneys' fees and expenses, fees of auditors and accountants, and investigation expenses as may be reasonably incurred by the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer in connection with any such matters (whether or not litigation is instituted), together with interest at the Default Rate on each such amount from the Date of Disbursement until the date of reimbursement to the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer, all of which shall constitute part of the Borrower Loan and the Funding Loan and shall be secured by the Borrower Loan Documents and the Funding Loan Documents. The obligations and liabilities of the Borrower under this Section 5.14 shall survive the Term of this Borrower Loan Agreement and the exercise by the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer, as the case may be, of any of its rights or remedies under the Borrower Loan Documents and the Funding Loan Documents, including the acquisition of the Project by foreclosure or a conveyance in lieu of foreclosure. Notwithstanding the foregoing, the Borrower shall not be obligated to pay amounts incurred as a result of the willful misconduct of the Governmental Lender, or the gross negligence or willful misconduct of any other party, and any obligations of the Borrower to pay for environmental inspections or audits will be governed by Sections 18(i) and 43(i) of the Security Instrument. The Borrower shall not be responsible for any costs associated with any securitization of the Borrower Loan or the Funding Loan.

Section 5.15. Indemnity. In addition to its other obligations hereunder, and in addition to any and all rights of reimbursement, indemnification, subrogation and other rights of Governmental Lender, the Fiscal Agent or Funding Lender pursuant hereto, pursuant to the Regulatory Agreement and under law or equity, to the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Governmental Lender, its members and governing commissioners, the Administrator (as defined in the Regulatory Agreement), the Funding Lender, the Fiscal Agent, the Servicer, the Beneficiary Parties, Citigroup, Inc. and each of their respective board members, officers, directors, employees, attorneys and agents (each an "Indemnified Party"), against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge judgments)

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

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

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

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

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

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

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

(g) Any Determination of Taxability;

(h) Any breach (or alleged breach) by Borrower of any representation, warranty or covenant made in or pursuant to this Borrower Loan Agreement or in connection with any written or oral representation, presentation, report, appraisal or other information given or delivered by Borrower, General Partner, Guarantor or a Borrower Affiliate to Governmental Lender, the Fiscal Agent, the Funding Lender, Servicer or any other Person in connection with the Borrower's application for the Borrower Loan and the Funding Loan (including, without limitation, any breach or alleged breach by Borrower of any agreement with respect to the provision of any substitute credit enhancement);

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

(j) The Project, or the condition, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation, construction or rehabilitation, as the case may be, of, the Project or any part thereof; or

(k) The use of the proceeds of the Borrower Loan and the Funding Loan, except in the case of the foregoing indemnification of the Governmental Lender or any related Indemnified Party, to the extent such damages are caused by the willful misconduct of such Indemnified Party, and except in the case of the foregoing indemnification of the Fiscal Agent, the Funding Lender or the Servicer or any related Indemnified Party, to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party. Notwithstanding anything herein to the contrary, the Borrower's indemnification obligations to the parties specified in Section 9.1.4 hereof with respect to any securitization or Secondary Market Transaction described in Article IX hereof shall be limited to the indemnity set forth in Section 9.1.4 hereof. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party (which notice shall be timely given so as not to materially impair the Borrower's right to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. The Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if and only if in such Indemnified Party's good faith judgment (based on the advice of counsel) a conflict of interest exists or could arise by reason of common representation.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Borrower Loan Agreement or the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 5.15 if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Governmental Lender and the Funding Lender have consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

The rights of any persons to indemnity hereunder shall survive the final payment or defeasance of the Borrower Loan and the Funding Loan and in the case of the Servicer, any resignation or removal. The provisions of this Section 5.15 shall survive the termination of this Borrower Loan Agreement. The foregoing provisions of this Section 5.15 are not intended to and shall not negate, modify, limit or change the provisions of Section 9 of the Borrower Note.

Nothing contained in this Section 5.15 shall in any way be construed to limit the indemnification rights of the Governmental Lender contained in Section 7 of the Regulatory Agreement. With respect to the Governmental Lender, the Regulatory Agreement shall control in any conflicts between this Section 5.15 and Section 7 of the Regulatory Agreement.

Section 5.16. No Warranty of Condition or Suitability by Lenders. Neither the Governmental Lender, nor the Funding Lender or the Servicer makes any warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Borrower's purposes or needs.

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

Section 5.18. Notice of Default. The Borrower will provide the Governmental Lender, the Funding Lender and the Servicer as soon as possible, and in any event not later than five (5) Business Days after following the occurrence of any Potential Default or Event of Default with a statement of an Authorized Borrower Representative describing the details of such Potential Default or Event of Default and any curative action Borrower proposes to take.

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

Section 5.20. Obligation of the Borrower to Construct or Rehabilitate the Project. The Borrower shall proceed with reasonable dispatch to construct or rehabilitate, as the case may be, and equip the Project. If the proceeds of the Borrower Loan, together with the Other Borrower Moneys, available to be disbursed to the Borrower are not sufficient to pay the costs of such construction or rehabilitation, as the case may be, and equipping, the Borrower shall pay such additional costs from its own funds. The Borrower shall not be entitled to any reimbursement from the Governmental Lender, the Fiscal Agent, the Funding Lender or the Servicer in respect of any such costs or to any diminution or abatement in the repayment of the Borrower Loan. The Governmental Lender, the Fiscal Agent and the Funding Lender shall not be liable to the Borrower or any other person if for any reason the Project is not completed or if the proceeds of the Borrower Loan are insufficient to pay all costs of the Project. The Governmental Lender, the Fiscal Agent

and the Funding Lender do not make any representation or warranty, either express or implied, that moneys, if any, which will be made available to the Borrower will be sufficient to complete the Project, and the Governmental Lender, the Fiscal Agent and the Funding Lender shall not be liable to the Borrower or any other person if for any reason the Project is not completed.

Section 5.21. Maintenance of Insurance. Borrower will maintain the insurance required by the Security Instrument.

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

(a) *Financial Statements; Rent Rolls*. In the manner and to the extent required under the Security Instrument, such financial statements, expenses statements, rent rolls, reports and other financial documents and information as required by the Security Instrument and the other Borrower Loan Documents and Funding Loan Documents, in the form and within the time periods required therein;

(b) *General Partner*. As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of General Partner, copies of the financial statements of the administrative general partner of Borrower as of such date, prepared in substantially the form previously delivered to Governmental Lender and Funding Lender and in a manner consistent therewith, or in such form (which may include a form prepared in accordance with GAAP) as Funding Lender may reasonably request, and copies of the unaudited financial statements of the managing general partner of Borrower, prepared as of the end of the immediately preceding fiscal year of the managing general partner, in such form as Funding Lender may request;

(c) *Leasing Reports*. Prior to the Conversion Date, on a monthly basis (and in any event within fifteen (15) days after the end of each Calendar Month), a report of all efforts made by Borrower, if any, to lease all or any portion of the Project during such Calendar Month and on a cumulative basis since Project inception, which report shall be prepared and delivered by Borrower, shall be in form and substance satisfactory to Funding Lender, and shall, if requested by Funding Lender, be supported by copies of letters of intent, leases or occupancy agreements, as applicable;

(d) *Audit Reports*. Promptly upon receipt thereof, copies of all reports, if any, submitted to Borrower by independent public accountants in connection with each annual, interim or special audit of the financial statements of Borrower made by such accountants, including the comment letter submitted by such accountants to management in connection with their annual audit;

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

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

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

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

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

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

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

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

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

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

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

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

(g) any default, alleged default or potential default on the part of any general or limited partner (including, without limitation, General Partner and the Equity Investor) under the Partnership Agreement.

Section 5.24. Compliance with Other Agreements; Legal Requirements.

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

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

Section 5.25. Maintenance of Project. After Completion occurs, Borrower shall thereafter maintain the Project as a residential apartment complex in good order and condition, ordinary wear and tear excepted. A maintenance program shall be in place at all times to assure the continuation of first class maintenance.

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

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

Section 5.28. Leases and Occupancy Agreements.

(a) Lease Approval.

(i) Borrower may enter into leases of space within the Improvements (and amendments to such leases) in the ordinary course of business with bona fide third party tenants without Funding Lender's prior Written Consent if:

(A) The lease is a Permitted Lease;

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

(C) The lease conforms to the Rent Schedule attached as an exhibit to the Construction Funding Agreement and reflects an arm's-length transaction, subject to the requirement that the Borrower comply with any applicable CC&R.

(ii) If any Event of Default has occurred and is continuing, Funding Lender may make written demand on Borrower to submit all future leases for Funding Lender's approval prior to execution. Borrower shall comply with any such demand by Funding Lender.

(iii) No approval of any lease by Funding Lender shall be for any purpose other than to protect Funding Lender's security for the Borrower Loan and to preserve Funding Lender's rights under the Borrower Loan Documents and the Funding Loan Documents. No approval by Funding Lender shall result in a waiver of any default of Borrower. In no event shall any approval by Funding Lender of a

lease be a representation of any kind with regard to the lease or its enforceability, or the financial capacity of any tenant or guarantor.

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

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

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

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

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

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

Section 5.33. Other Legal Compliance. Borrower covenants that it shall comply with all Legal Requirements and internal requirements of Funding Lender relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect. Without limiting the foregoing, Borrower shall not take any action, or permit any action to be taken, that would cause Borrower's representations and warranties in Section 4.1.48 and this Section 5.32 to become untrue or inaccurate at any time during the term of the Funding Loan. Upon any Beneficiary Party's request from time to time during the term of the Funding Loan, Borrower shall certify in writing to such Beneficiary Party that Borrower's representations, warranties and obligations under Section 4.1.48 and this Section 5.32 remain true and correct and have not been breached, and in addition, upon request of any Beneficiary Party, Borrower covenants to provide all information required to satisfy obligations under all Legal Requirements and internal requirements of Funding Lender relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, during the term of the Funding Loan. Borrower shall immediately notify the Funding Lender in writing of (a) Borrower's actual knowledge that any of such representations, warranties or covenants are no longer true and have been breached, (b) Borrower has a reasonable basis to believe that they may no longer be true and have been breached or (c) Borrower becomes the subject of an investigation by Governmental Authorities related to money laundering, anti-terrorism, trade embargos and economic sanctions. Borrower shall also reimburse Funding Lender for any expense incurred by Funding Lender in evaluating the effect of an investigation by Governmental Authorities on the Funding Loan and Funding Lender's interest in the collateral for the Funding Loan, in obtaining necessary license from Governmental Authorities as may be necessary for Funding Lender to enforce its rights under the Funding Loan Documents, and in complying with all Legal Requirements and internal requirements of Funding Lender relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect applicable to Funding Lender as a result of the existence of such an event and for any penalties or fines imposed upon Funding Lender as a result thereof.

Section 5.34. Funds from Equity Investor. Borrower shall cause the Equity Investor to fund all installments of the Equity Contributions in the amounts and at the times subject and according to the terms of the Partnership Agreement.

Section 5.35. Tax Covenants. The Borrower further represents, warrants and covenants as follows:

(a) General. The Borrower shall not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the exclusion of interest on the Governmental Lender Note from gross income (as defined in Section 61 of the Code), for federal income tax purposes and, if it should take or permit any such action, the Borrower will take all lawful actions that it can take to rescind such action promptly upon having knowledge thereof and that the Borrower will take such action or actions, including amendment of this Borrower Loan Agreement, the Security Instrument and the Regulatory Agreement, as may be necessary, in the opinion of Tax Counsel, to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service applicable to the Governmental Lender Note, the Funding Loan or affecting the Project. Capitalized terms used in this Section 5.35 shall have the respective meanings

assigned to them in the Regulatory Agreement or, if not defined therein, in the Funding Loan Agreement. With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that, prior to the final maturity of the Governmental Lender Note, unless it has received and filed with the Governmental Lender and the Funding Lender a Tax Counsel No Adverse Effect Opinion (other than with respect to interest on any portion of the Governmental Lender Note for a period during which such portion of the Governmental Lender Note is held by a "substantial user" of any facility financed with the proceeds of the Governmental Lender Note or a "related person," as such terms are used in Section 147(a) of the Code), the Borrower will comply with this Section 5.35.

(b) Use of Proceeds. The use of the net proceeds of the Funding Loan at all times will satisfy the following requirements:

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

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

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

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

(v) Limitation on Existing Facilities. No portion of the net proceeds of the Funding Loan will be used for the acquisition of any existing property or an interest therein unless (A) the first use of such property is pursuant to such acquisition or (B) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed 15 percent of the cost of acquiring such building financed with the proceeds of the Funding Loan (with respect to structures other than buildings, this clause shall be applied by substituting 100 percent for 15 percent). For purposes of the preceding sentence, the term "rehabilitation expenditures" shall have the meaning set forth in Section 147(d)(3) of the Code.

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

(vii) Limitation of Project Expenditures. The acquisition, construction and equipping of the Project were not commenced (within the meaning of Section 144(a) of the Code) prior to the 60th day preceding the adoption of a resolution of the Governmental Lender with respect to the Project on June 21, 2024, and no obligation for which reimbursement will be sought from proceeds of the Funding Loan relating to the acquisition, construction or rehabilitation, as the case may be, or equipping of the Project was paid or incurred prior to 60 days prior to such date, except for permissible "preliminary expenditures", which include architectural, engineering surveying, soil testing, reimbursement bond issuance and similar costs incurred prior to the commencement of construction or acquisition of the Project.

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

(c) Limitation on Maturity. The average maturity of the Governmental Lender Note does not exceed 120 percent of the average reasonably expected economic life of the Project to be financed by the Funding Loan, weighted in proportion to the respective cost of each item comprising the property the cost of which has been or will be financed, directly or indirectly, with the Net Proceeds of the Funding Loan. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (A) the Delivery Date for the Bonds or (B) the date on which such property is

placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of property.

(d) No Arbitrage. The Borrower shall not take any action or omit to take any action with respect to the Gross Proceeds of the Funding Loan or of any amounts expected to be used to pay the principal thereof or the interest thereon which, if taken or omitted, respectively, would cause the Governmental Lender Note to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code. Except as provided in the Funding Loan Agreement and this Borrower Loan Agreement, the Borrower shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under this Borrower Loan Agreement or the Borrower Note relating to the Funding Loan, shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of the Funding Loan, unless the Borrower has obtained in each case a Tax Counsel No Adverse Effect Opinion with respect to such action, a copy of which shall be provided to the Governmental Lender and the Funding Lender. The Borrower shall not, at any time prior to the final maturity of the Funding Loan, invest or cause any Gross Proceeds to be invested in any investment (or to use Gross Proceeds to replace money so invested), if, as a result of such investment the Yield of all investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Funding Loan to the Maturity Date (as defined in the Funding Loan Agreement), except as permitted by Section 148 of the Code and Regulations thereunder or as provided in the Regulatory Agreement. The Borrower further covenants and agrees that it will comply with all applicable requirements of said Section 148 and the rules and Regulations thereunder relating to the Funding Loan and the interest thereon, including the employment of a Rebate Analyst acceptable to the Governmental Lender and Funding Lender at all times from and after the Funding Date for the calculation of rebatable amounts to the United States Treasury Department. The Borrower agrees that it will cause the Rebate Analyst to calculate the rebatable amounts not later than forty-five days after the fifth anniversary of the Delivery Date of the Bonds and each five years thereafter and not later than forty-five (45) days after the final Computation Date (or as may be otherwise required by the Tax Certificate) and agrees that the Borrower will pay all costs associated therewith. The Borrower agrees to provide evidence of the employment of the Rebate Analyst satisfactory to the Governmental Lender and Funding Lender.

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

(f) Representations. The Borrower has supplied or caused to be supplied to Tax Counsel all documents, instruments and written information requested by Tax Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Tax Counsel, which have been reasonably relied upon by Tax Counsel in rendering its opinion with respect to the exclusion from gross

income of the interest on the Governmental Lender Note for federal income tax purposes, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein in order to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information which Tax Counsel has not requested.

(g) Qualified Residential Rental Project. The Borrower hereby covenants and agrees that the Project will be operated as a "qualified residential rental project" within the meaning of Section 142(d) of the Code, on a continuous basis during the longer of the Qualified Project Period (as defined in the Regulatory Agreement) or any period during which any portion of the Governmental Lender Note remains outstanding, to the end that the interest on the Governmental Lender Note shall be excluded from gross income for federal income tax purposes. The Borrower hereby covenants and agrees, continuously during the Qualified Project Period, to comply with all the provisions of the Regulatory Agreement.

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

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

(j) Termination of Restrictions. Although the parties hereto recognize that, subject to the provisions of the Regulatory Agreement, the provisions of this Borrower Loan Agreement shall terminate in accordance with Section 10.14 hereof, the parties hereto recognize that pursuant to the Regulatory Agreement, certain requirements, including the requirements incorporated by reference in this Section, may continue in effect beyond the term hereof.

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

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

(m) Modification of Tax Covenants. Subsequent to the origination of the Funding Loan and prior to its payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Funding Loan Agreement), this Section 5.35 may not be amended, changed, modified, altered or terminated except as permitted herein and by the Funding Loan Agreement and with the Written Consent of the Governmental Lender and the Funding Lender. Anything contained in this Borrower Loan Agreement or the Funding Loan Agreement to the contrary notwithstanding, the Governmental Lender, the Funding Lender and the Borrower hereby agree to amend this Borrower Loan Agreement and, if appropriate, the Funding Loan Agreement and the Regulatory Agreement, to the extent required, in the opinion of Tax Counsel, in order for interest on the Governmental Lender Note to remain excludable from gross income for federal income tax purposes. The party requesting such amendment, which may include the Funding Lender, shall notify the other parties to this Borrower Loan Agreement of the proposed amendment and send a copy of such requested amendment to Tax Counsel. After review of such proposed amendment, Tax Counsel shall render to the Funding Lender and the Governmental Lender an opinion as to the effect of such proposed amendment upon the includability of interest on the Governmental Lender Note in the gross income of the recipient thereof for federal income tax purposes. The Borrower shall pay all necessary fees and expenses incurred with respect to such amendment. The Borrower, the Governmental Lender and, where applicable, the Funding Lender per written instructions from the Governmental Lender shall execute, deliver and, if applicable, the Borrower shall file of record, any and all documents and instruments, including without limitation, an amendment to the Regulatory Agreement, with a file-stamped copy to the Funding Lender, necessary to effectuate the intent of this Section 5.35, and the Borrower and the Governmental Lender hereby appoint the Funding Lender as their true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower or the Governmental Lender, as is applicable, any such document or instrument (in such form as may be approved by and upon instruction of Tax Counsel) if either the Borrower or the Governmental Lender defaults in the performance of its obligation under this Section 5.35; provided, however, that the Funding Lender shall take no action under this Section 5.35 without first notifying the Borrower or the Governmental Lender, as is applicable, of its intention to take such action and providing the Borrower or the Governmental Lender, as is applicable, a reasonable opportunity to comply with the requirements of this Section 5.35.

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

(n) Compliance with Tax Certificate. In furtherance of the covenants in this Section 5.35, the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which are by this reference incorporated into this Borrower Loan Agreement and made a part of this Borrower Loan Agreement as if set forth in this

Borrower Loan Agreement in full. In the event of a conflict between the terms of this Borrower Loan Agreement and the Tax Certificate, the terms of the Tax Certificate shall control.

Section 5.36. Payment of Rebate.

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

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

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

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

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

(ii) Correction of Underpayments. If the Borrower shall discover or be notified as of any date that any payment paid to the United States Treasury pursuant to this Section 5.36 of an amount described in Section 5.36(a)(i)(A) or (B) above shall have failed to satisfy any requirement of Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Borrower, the Governmental Lender or the Funding Lender), the Borrower shall (1) pay to the Servicer (for deposit to the Rebate Fund) and cause the Servicer to pay to the United States Treasury from the Rebate Fund the underpayment of the Rebate Amount, together with any penalty and/or interest due, as specified in Section 1.148-3(h) of the Regulations, within 175 days after any discovery or notice and (2) deliver to the Servicer an Internal Revenue Service Form 8038-T completed as of such date. If such underpayment of the Rebate Amount, together with any penalty and/or interest due, is not paid to the United States Treasury in the amount and manner and by the time specified in the Regulations, the Borrower shall take such steps as are necessary to prevent the Governmental Lender Note from becoming an arbitrage bond within the meaning of Section 148 of the Code.

(iii) Records. The Borrower shall retain all of its accounting records relating to the funds established under this Borrower Loan Agreement and all calculations made in preparing the statements described in this Section 5.36 for at least six years after the later of the final maturity of the Governmental Lender Note or the date the Funding Loan is retired in full.

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

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

(vi) Modification of Requirements. If at any time during the term of this Borrower Loan Agreement, the Governmental Lender, the Funding Lender or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section 5.36, such Person shall be permitted to take such action if it shall first obtain and provide to the other Persons named herein a Tax Counsel No Adverse Effect Opinion with respect to such action.

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

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

(d) All payments to the United States of America pursuant to this Section 5.36 shall be made by the Servicer 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 Servicer by the Borrower or the Rebate Analyst as set forth in this Section 5.36).

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

(f) Moneys and securities held in the Rebate Fund shall not be deemed funds of the Fiscal Agent, the Funding Lender or the Governmental Lender and are not pledged

or otherwise subject to any security interest in favor of the Funding Lender to secure the Funding Loan or any other obligations.

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

(h) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 5.36 need not be made to the extent that neither the Governmental Lender nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on a Tax Counsel No Adverse Effect Opinion, a copy of which shall be provided to the Funding Lender.

Section 5.37. Covenants under Funding Loan Agreement. The Borrower will fully and faithfully perform all the duties and obligations which the Governmental Lender has covenanted and agreed in the Funding Loan Agreement to cause the Borrower to perform and any duties and obligations which the Borrower is required in the Funding Loan Agreement to perform. The foregoing will not apply to any duty or undertaking of the Governmental Lender which by its nature cannot be delegated or assigned.

Section 5.38. Continuing Disclosure Agreement. The Borrower and the Funding Lender shall enter into the Continuing Disclosure Agreement to provide for the continuing disclosure of information about the Funding Loan, the Borrower and other matters as specifically provided for in such agreement.

ARTICLE VI

NEGATIVE COVENANTS

Borrower hereby covenants and agrees as follows, which covenants shall remain in effect so long as any Borrower Payment Obligation or other obligation of Borrower under any of the other Borrower Loan Documents or the Funding Loan Documents remains outstanding or unperformed. Borrower covenants and agrees that it will not, directly or indirectly:

Section 6.1. Management Agreement. The Borrower shall not, without the Funding Lender's prior Written Consent (which consent shall not be unreasonably withheld, conditioned or delayed) and subject to the Regulatory Agreement: (i) surrender, terminate or cancel the Management Agreement or otherwise replace the Manager or enter into any other management agreement; (ii) reduce or consent to the reduction of the term of the Management Agreement; (iii) increase or consent to the increase of the amount of any charges under the Management Agreement; (iv) otherwise modify, change, supplement, alter or amend in any material respect, or

waive or release in any material respect any of its rights and remedies under, the Management Agreement; or (v) suffer or permit the occurrence and continuance of a default beyond any applicable cure period under the Management Agreement (or any successor management agreement) if such default permits the Manager to terminate the Management Agreement (or such successor management agreement).

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

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

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

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

Section 6.6. Transfers. Make, suffer or permit the occurrence of any Transfer other than a transfer permitted under the Security Instrument and Section 10 of the Regulatory Agreement, nor transfer any material License required for the operation of the Project.

Section 6.7. Debt. Other than as expressly approved in writing by the Funding Lender, create, incur or assume any indebtedness for borrowed money (including subordinate debt) whether unsecured or secured by all or any portion of the Project or interest therein or in the Borrower or any partner thereof (including subordinate debt) other than (i) the Borrower Payment Obligations, (ii) the Subordinate Debt, and from and after the Conversion Date, the Citibank Taxable Permanent Loan, (iii) secured indebtedness incurred pursuant to or permitted by the Borrower Loan Documents and the Funding Loan Documents, (iii) trade payables incurred in the ordinary course of business, (iv) deferred developer fees, and (v) unsecured, subordinate partner loans to Borrower payable from Net Operating Income and permitted or required under the terms of the Partnership Agreement.

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

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

Section 6.10. Partnership Agreement. Without the Funding Lender's prior Written Consent (which consent shall not be unreasonably withheld) surrender, terminate, cancel, modify,

change, supplement, alter or amend in any material respect, or waive or release in any material respect, any of its rights or remedies under the Partnership Agreement; provided, however, the consent of Funding Lender is not required for an amendment of the Partnership Agreement resulting solely from the "Permitted Transfer" of partnership interests of Borrower as defined in and permitted by the Security Instrument.

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

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

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

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

(b) Except as otherwise permitted hereunder or by the Funding Lender, no Disbursements for the Developer Fee or any "deferred developer fees" shall be made prior to the Conversion Date other than in accordance with the Approved Developer Fee Schedule.

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

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

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

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

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

ARTICLE VII

RESERVED

ARTICLE VIII

DEFAULTS

Section 8.1. Events of Default. Each of the following events shall constitute an "Event of Default" under this Borrower Loan Agreement:

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

(b) failure by or on behalf of the Borrower to pay when due any amount (other than as provided in subsection (a) above or elsewhere in this Section 8.1) required to be paid by the Borrower under this Borrower Loan Agreement, the Borrower Note, the Security Instrument or any of the other Borrower Loan Documents or Funding Loan Documents, including a failure to repay any amounts that have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings, which default remains uncured for a period of five (5) Days after Written Notice thereof shall have been given to the Borrower;

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

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

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

(f) the Borrower Controlling Entity shall make a general assignment for the benefit of creditors, shall generally not be paying its debts as they become due, or an Act of Bankruptcy with respect to the Borrower Controlling Entity shall occur, unless in all cases the Borrower Controlling Entity is replaced with a substitute Borrower Controlling Entity that satisfies the requirements of Section 21 of the Security Instrument; which, in the case of a non-profit Borrower Controlling Entity, may be replaced within sixty (60) days of such event with another non-profit Borrower Controlling Entity acceptable to the Funding Lender, in which case no Event of Default shall be deemed to have occurred;

(g) any portion of Borrower Deferred Equity to be made by Equity Investor and required for (i) the satisfaction of the Conditions of Conversion or (ii) the operation of the Improvements, is not received in accordance with the Partnership Agreement after the expiration of all applicable notice and cure periods;

(h) the failure by Borrower or any ERISA Affiliate of Borrower to comply in all respects with ERISA, or the occurrence of any other event (with respect to the failure of Borrower or any ERISA Affiliate to pay any amount required to be paid under ERISA or with respect to the termination of, or withdrawal of Borrower or any ERISA Affiliate from, any employee benefit or welfare plan subject to ERISA) the effect of which is to impose upon Borrower (after giving effect to the tax consequences thereof) for the payment of any amount in excess of Fifty Thousand Dollars ($50,000);

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

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

(k) subject to Section 10.16 hereof, Borrower fails to pay when due any monetary obligation (other than pursuant to this Borrower Loan Agreement) to any Person in excess of $100,000, and such failure continues beyond the expiration of any applicable cure or grace periods;

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

(m) a final judgment or decree for monetary damages in excess of $50,000 or a monetary fine or penalty (not subject to appeal or as to which the time for appeal has expired) is entered against Borrower, any General Partner or Guarantor by any Governmental Authority, and such judgment, decree, fine or penalty is not paid and

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

(n) a final, un-appealable and uninsured money judgment or judgments, in favor of any Person other than a Governmental Authority, in the aggregate sum of $50,000 or more shall be rendered against Borrower, any General Partner or Guarantor, or against any of their respective assets, that is not paid, superseded or stayed within 30 days after entry thereof (or such longer period as may be permitted for payment by the terms of such judgment); or any levy of execution, writ or warrant of attachment, or similar process, is entered or filed against Borrower, any General Partner or Guarantor, or against any of their respective assets (that is likely to have a material adverse effect upon the ability of Borrower, any General Partner or Guarantor to perform their respective obligations under this Borrower Loan Agreement, any other Borrower Loan Document or any Related Document), and such judgment, writ, warrant or process shall remain unsatisfied, unsettled, unvacated, unhanded and unstayed for a period of 30 days, or in any event later than five (5) Business Days prior to the date of any proposed sale thereunder, provided that any such judgment, levy, writ, warrant, attachment or similar process against a Guarantor shall not constitute an Event of Default: (i) if such judgment, levy, writ, warrant, attachment or similar process is entered on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such judgment, levy, writ, warrant, attachment or similar process is entered prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender;

(o) the inability of Borrower to satisfy any condition for the receipt of a Disbursement hereunder (other than an Event of Default specifically addressed in this Section 8.1) and failure to resolve the situation to the satisfaction of Funding Lender for a period in excess of thirty (30) days after Written Notice from Funding Lender, subject to Force Majeure;

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

(q) [Reserved];

(r) [Reserved];

(s) failure by Borrower to satisfy the Conditions to Conversion on or before the Outside Conversion Date;

(t) failure by any Subordinate Lender to disburse the proceeds of its Subordinate Loan in approximately such amounts and at approximately such times as set forth in the Cost Breakdown and in the Subordinate Loan Documents;

(u) an "Event of Default" or "Default" (as defined in the applicable agreement) shall occur under any of the Subordinate Loan Documents or the Citibank Taxable Permanent Loan Agreement, after the expiration of all applicable notice and cure periods; or

(v) any failure by the Borrower to perform or comply with any of its obligations under this Borrower Loan Agreement (other than those specified in this Section 8.1), as and when required, which continues for a period of thirty (30) days after written notice of such failure by Funding Lender or the Servicer on its behalf to the Borrower (with a copy to the Governmental Lender); provided, however, if such failure is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, and the Borrower shall have commenced to cure such failure within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for an additional period of time as is reasonably necessary for the Borrower in the exercise of due diligence to cure such failure, such additional period not to exceed sixty (60) days. However, no such notice or grace period shall apply to the extent such failure could, in the Funding Lender's judgment, absent immediate exercise by the Funding Lender of a right or remedy under this Borrower Loan Agreement, result in harm to the Funding Lender, impairment of the Borrower Note or this Borrower Loan Agreement or any security given under any other Borrower Loan Document.

Section 8.2. Remedies.

Section 8.2.1. Acceleration. Upon the occurrence of an Event of Default (other than an Event of Default described in paragraph (e), (f) or (i) of Section 8.1) and at any time and from time to time thereafter, as long as such Event of Default continues to exist, in addition to any other rights or remedies available to the Governmental Lender pursuant to the Borrower Loan Documents or at law or in equity, the Funding Lender may, take such action, without notice or demand, as the Funding Lender deems advisable to protect and enforce its rights against the

Borrower and in and to the Project, including declaring the Borrower Payment Obligations to be immediately due and payable (including, without limitation, the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Borrower Note to be immediately due and payable), without notice or demand, and apply such payment of the Borrower Payment Obligations in any manner and in any order determined by Funding Lender, in Funding Lender's sole and absolute discretion; and upon any Event of Default described in paragraph (e), (f) or (i) of Section 8.1, the Borrower Payment Obligations shall become immediately due and payable, without notice or demand, and the Borrower hereby expressly waives any such notice or demand, anything contained in any Borrower Loan Document to the contrary notwithstanding. Notwithstanding anything herein to the contrary, enforcement of remedies hereunder and under the Funding Loan Agreement shall be controlled by the Funding Lender.

Section 8.2.2. Remedies Cumulative. Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to the Funding Lender against the Borrower under the Borrower Loan Documents or at law or in equity may be exercised by the Funding Lender, at any time and from time to time, whether or not all or any of the Borrower Payment Obligations shall be declared due and payable, and whether or not the Funding Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Borrower Loan Documents. Any such actions taken by the Funding Lender shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Funding Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of the Funding Lender permitted by law, equity or contract or as set forth in the Borrower Loan Documents. Without limiting the generality of the foregoing, the Borrower agrees that if an Event of Default is continuing, all Liens and other rights, remedies or privileges provided to the Funding Lender shall remain in full force and effect until it has exhausted all of its remedies, the Security Instrument has been foreclosed, the Project has been sold and/or otherwise realized upon satisfaction of the Borrower Payment Obligations or the Borrower Payment Obligations have been paid in full. To the extent permitted by applicable law, nothing contained in any Borrower Loan Document shall be construed as requiring the Funding Lender to resort to any portion of the Project for the satisfaction of any of the Borrower Payment Obligations in preference or priority to any other portion, and the Funding Lender may seek satisfaction out of the entire Project or any part thereof, in its absolute discretion.

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

Section 8.2.3. Delay. No delay or omission to exercise any remedy, right, power accruing upon an Event of Default, or the granting of any indulgence or compromise by the Funding Lender shall impair any such remedy, right or power hereunder or be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Potential Default or Event of Default shall not be construed to be a waiver of any subsequent Potential Default or Event of Default or to impair any remedy, right or power consequent thereon. Notwithstanding any other provision of this Borrower Loan Agreement, the Funding Lender reserves the right to seek a deficiency judgment or preserve a

deficiency claim, in connection with the foreclosure of the Security Instrument to the extent necessary to foreclose on the Project, the Rents, the funds or any other collateral.

Section 8.2.4. Set Off; Waiver of Set Off. Upon the occurrence of an Event of Default, Funding Lender may, at any time and from time to time, without notice to Borrower or any other Person (any such notice being expressly waived), set off and appropriate and apply (against and on account of any obligations and liabilities of Borrower to Funding Lender arising under or connected with this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents, irrespective of whether or not Funding Lender shall have made any demand therefor, and although such obligations and liabilities may be contingent or unmatured), and Borrower hereby grants to Funding Lender, as security for the Borrower Payment Obligations, a security interest in, any and all deposits (general or special, including but not limited to Debt evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other Debt at any time held or owing by Funding Lender to or for the credit or the account of Borrower.

Section 8.2.5. 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 this Borrower Loan Agreement, the Borrower Note, the Regulatory Agreement, and any other Borrower Loan Documents and Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

Section 8.2.6. Accounts Receivable. Upon the occurrence of an Event of Default, Funding Lender shall have the right, to the extent permitted by law, to impound and take possession of books, records, notes and other documents evidencing Borrower's accounts, accounts receivable and other claims for payment of money, arising in connection with the Project, and to make direct collections on such accounts, accounts receivable and claims for the benefit of Funding Lender.

Section 8.2.7. Defaults under Other Documents. Funding Lender shall have the right to cure any default under any of the Related Documents and the Subordinate Loan Documents, but shall have no obligation to do so.

Section 8.2.8. Completion of Improvements. Upon the occurrence of any Event of Default, Funding Lender shall have the right to cause an independent contractor selected by Funding Lender to enter into possession of the Project and to perform any and all work and labor necessary for the completion of the Project substantially in accordance with the Plans and Specifications, if any, and to perform Borrower's obligations under this Borrower Loan Agreement. All sums expended by Funding Lender for such purposes shall be deemed to have been disbursed to and borrowed by Borrower and shall be secured by the Security Documents.

Section 8.2.9. Right to Directly Enforce. Notwithstanding any other provision hereof to the contrary, the Funding Lender shall have the right to directly enforce all rights and remedies hereunder with or without involvement of the Governmental Lender, provided that only the Governmental Lender may enforce the Unassigned Rights. In the event that any of the provisions

set forth in this Section 8.2.10 are inconsistent with the covenants, terms and conditions of the Security Instrument, the covenants, terms and conditions of the Security Instrument shall prevail.

Section 8.2.10. Power of Attorney. Effective upon the occurrence of an Event of Default, and continuing until and unless such Event of Default is cured or waived, Borrower hereby constitutes and appoints Funding Lender, or an independent contractor selected by Funding Lender, as its true and lawful attorney-in-fact with full power of substitution, for the purposes of completion of the Project and performance of Borrower's obligations under this Borrower Loan Agreement in the name of Borrower, and hereby empowers said attorney-in-fact to do any or all of the following upon the occurrence and continuation of an Event of Default (it being understood and agreed that said power of attorney shall be deemed to be a power coupled with an interest which cannot be revoked until full payment and performance of all obligations under this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents):

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IX

SPECIAL PROVISIONS

Section 9.1. Sale of Note and Secondary Market Transaction.

Section 9.1.1. Cooperation. Subject to the restrictions of Section 2.4 of the Funding Loan Agreement, at the Funding Lender's or the Servicer's request (to the extent not already required to be provided by the Borrower under this Borrower Loan Agreement), the Borrower shall use reasonable efforts to satisfy the market standards to which the Funding Lender or the Servicer customarily adheres or which may be reasonably required in the marketplace or by the Funding Lender or the Servicer in connection with one or more sales or assignments of all or a portion of the Governmental Lender Note or participations therein or securitizations of single or multi-class securities (the "Securities") secured by or evidencing ownership interests in all or a portion of the Governmental Lender Note (each such sale, assignment and/or securitization, a "Secondary Market Transaction"); provided neither the Borrower nor the Governmental Lender shall incur any third party or other out-of-pocket costs and expenses in connection with a Secondary Market Transaction, including the costs associated with the delivery of any Provided Information or any opinion required in connection therewith, and all such costs shall be paid by the Funding Lender or the Servicer, and shall not materially modify Borrower's rights or obligations. Without limiting the generality of the foregoing, the Borrower shall, so long as the Borrower Loan is still outstanding:

(a) (i) provide such financial and other information with respect to the Borrower Loan, and with respect to the Project, the Borrower, the Manager, the contractor of the Project or the Borrower Controlling Entity, (ii) provide financial statements, audited, if available, relating to the Project with customary disclaimers for any forward looking statements or lack of audit, and (iii), at the expense of the Funding Lender or the Servicer, perform or permit or cause to be performed or permitted such site inspection, appraisals, surveys, market studies, environmental reviews and reports (Phase I's and, if appropriate, Phase II's), engineering reports and other due diligence investigations of the Project, as

may be reasonably requested from time to time by the Funding Lender or the Servicer or the Rating Agencies or as may be necessary or appropriate in connection with a Secondary Market Transaction or Exchange Act requirements (the items provided to the Funding Lender or the Servicer pursuant to this paragraph (a) being called the "Provided Information"), together, if customary, with appropriate verification of and/or consents (including, without limitation, auditor consents) to include or incorporate by reference the Provided Information in an offering document or otherwise provide the Provided Information to investors and potential investors or opinions of counsel of independent attorneys acceptable to the Funding Lender or the Servicer and the Rating Agencies;

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

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

Section 9.1.2. Use of Information. The Borrower understands that certain of the Provided Information and the required records may be included in disclosure documents in connection with a Secondary Market Transaction, including a prospectus or private placement memorandum (each, a "Secondary Market Disclosure Document"), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies and service providers or other parties relating to the Secondary Market Transaction. In the event that the Secondary Market Disclosure Document is required to be revised, the Borrower shall cooperate, subject to Section 9.1.1(c) hereof, with the Funding Lender and the Servicer in updating the Provided Information or required records for inclusion or summary in the Secondary Market Disclosure Document or for other use reasonably required in connection with a Secondary Market Transaction by providing all current information pertaining to the Borrower and the Project necessary to keep the Secondary Market Disclosure Document accurate and complete in all material respects with respect to such matters. The Borrower hereby consents to any and all such disclosures of such information.

The Borrower and the Funding Lender agree and acknowledge that the Governmental Lender undertakes no obligation hereunder or in the Funding Loan Agreement to participate in the preparation of, or to approve, any Secondary Market Disclosure Document and the parties hereto agree that any Secondary Market Disclosure Document will, unless approved in advance by the Governmental Lender in writing, disclose no more regarding the Governmental Lender than its name and status as a public body corporate and politic and political subdivision of the State, and that the Governmental Lender Note is limited obligations of the Governmental Lender secured solely by the payments made by the Borrower under the Borrower Note and this Borrower Loan Agreement.

Section 9.1.3. Borrower Obligations Regarding Secondary Market Disclosure Documents. In connection with a Secondary Market Disclosure Document, the Borrower shall provide, or in the case of a Borrower-engaged third party such as the Manager, cause it to provide, information reasonably requested by the Funding Lender pertaining to the Borrower, the Project or such third party (and portions of any other sections reasonably requested by the Funding Lender pertaining to the Borrower, the Project or the third party). The Borrower shall, if requested by the Funding Lender and the Servicer, certify in writing that the Borrower has carefully examined those portions of such Secondary Market Disclosure Document, pertaining to the Borrower, the Project or the Manager, and such portions (and portions of any other sections reasonably requested and pertaining to the Borrower, the Project or the Manager) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided that the Borrower shall not be required to make any representations or warranties regarding any Provided Information obtained from a third party except with respect to information it provided to such parties. Furthermore, the Borrower hereby indemnifies the Funding Lender, the Governmental Lender and the Servicer for any Liabilities to which any such parties may become subject to the extent such Liabilities arise out of or are based upon the use of the Provided Information in a Secondary Market Disclosure Document.

Section 9.1.4. Borrower Indemnity Regarding Filings. In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) indemnify Funding Lender, the Fiscal Agent, the Governmental Lender and the underwriter group for any securities (the "Underwriter Group") for any Liabilities to which Funding Lender, the Servicer, the Fiscal Agent, the Governmental Lender, its officers and officials, or the Underwriter Group may become subject insofar as the Liabilities arise out of or are based upon the omission or alleged omission to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in the light of the circumstances under which they were made not misleading and (ii) reimburse the Funding Lender, the Servicer, the Fiscal Agent, the Governmental Lender, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Funding Lender, the Servicer, the Fiscal Agent, the Governmental Lender or the Underwriter Group in connection with defending or investigating the Liabilities; provided that the Borrower shall not provide any indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such unrelated third parties.

Section 9.1.5. Indemnification Procedure. Promptly after receipt by an indemnified party under Sections 9.1.3 and 9.1.4 hereof of notice of the commencement of any action for which a claim for indemnification is to be made against the Borrower, such indemnified party shall notify the Borrower in writing of such commencement, but the omission to so notify the Borrower will not relieve the Borrower from any liability that it may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the Borrower. In the event that any action is brought against any indemnified party, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by Written Notice delivered to the indemnified party promptly after receiving the aforesaid notice of commencement, to assume the defense thereof with counsel selected by the Borrower and reasonably satisfactory to such indemnified party in its sole discretion. After notice from the Borrower to such indemnified party under this

Section 9.1.5, the Borrower shall not be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnified party shall settle or compromise any claim for which the Borrower may be liable hereunder without the prior Written Consent of the Borrower.

Section 9.1.6. Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section 9.1.4 hereof is for any reason held to be unenforceable by an indemnified party in respect of any Liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under Section 9.1.4 hereof, the Borrower shall contribute to the amount paid or payable by the indemnified party as a result of such Liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 10(f) of the Securities Act) shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified parties and the Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. The parties hereto hereby agree that it may not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All notices, consents, approvals and requests required or permitted hereunder or under any other Borrower Loan Document or Funding Loan Document (a "notice") shall be deemed to be given and made when delivered by hand, by recognized overnight delivery service, confirmed facsimile transmission (provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day), or five (5) calendar days after deposited in the United States mail, registered or certified, postage prepaid, with return receipt requested, addressed to the appropriate party at the addresses set forth in Section 12.1 of the Funding Loan Agreement. Any party may change such party's address for the notice or demands required under this Borrower Loan Agreement by providing written notice of such change of address to the other parties as provided herein.

Section 10.2. Brokers and Financial Advisors. The Borrower hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the Borrower Loan, other than those disclosed to the Funding Lender and whose fees shall be paid by the Borrower pursuant to separate agreements. The Borrower and the Funding Lender shall indemnify and hold the other harmless from and against any and all claims, liabilities, costs and expenses of any kind in any way relating to or arising from a claim by any Person that such Person acted on behalf of the indemnifying party in connection with the transactions contemplated herein. The provisions of this Section 10.2 shall survive the expiration and termination of this Borrower Loan Agreement and the repayment of the Borrower Payment Obligations.

Section 10.3. Survival. This Borrower Loan Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the Governmental Lender of the Borrower Loan and the execution and delivery to the Governmental Lender of the Borrower Note and the assignment of the Borrower Note to the Funding Lender, and shall continue in full force and effect so long as all or any of the Borrower Payment Obligations is unpaid. All the Borrower's covenants and agreements in this Borrower Loan Agreement shall inure to the benefit of the respective legal representatives, successors and assigns of the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer.

Section 10.4. Preferences. To the extent the Borrower makes a payment to the Governmental Lender or the Servicer, or the Governmental Lender or the Servicer receives proceeds of any collateral, which is in whole or part subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Borrower Payment Obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by the Governmental Lender or the Servicer. In furtherance of the preceding sentence, the Governmental Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by the Borrower to any portion of the Borrower Payment Obligations

Section 10.5. Waiver of Notice. The Borrower shall not be entitled to any notices of any nature whatsoever from the Funding Lender, the Fiscal Agent or the Servicer except with respect to matters for which this Borrower Loan Agreement or any other Borrower Loan Document specifically and expressly provides for the giving of notice by the Funding Lender, the Fiscal Agent or the Servicer, as the case may be, to the Borrower and except with respect to matters for which the Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. The Borrower hereby expressly waives the right to receive any notice from the Funding Lender, the Fiscal Agent or the Servicer, as the case may be, with respect to any matter for which no Borrower Loan Document specifically and expressly provides for the giving of notice by the Funding Lender, the Fiscal Agent or the Servicer to the Borrower.

Section 10.6. Offsets, Counterclaims and Defenses. The Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by the Funding Lender or the Servicer with respect to a Borrower Loan Payment. Any assignee of Funding Lender's interest in and to the Borrower Loan Documents or the Funding Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses that are unrelated to the Borrower Loan Documents or the Funding Loan Documents which the Borrower may otherwise have against any assignor of such documents, and no such unrelated offset, counterclaim or defense shall be interposed or asserted by the Borrower in any action or proceeding brought by any such assignee upon such documents, and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by the Borrower.

Section 10.7. Publicity. The Funding Lender and the Servicer (and any affiliates of either party) shall have the right to issue press releases, advertisements and other promotional materials

describing the Funding Lender's or the Servicer's participation in the making of the Borrower Loan or the Borrower Loan's inclusion in any Secondary Market Transaction effectuated by the Funding Lender or the Servicer or one of its or their affiliates. All news releases, publicity or advertising by the Borrower or Borrower Affiliates through any media intended to reach the general public, which refers to the Borrower Loan Documents or the Funding Loan Documents, the Borrower Loan, the Funding Lender or the Servicer in a Secondary Market Transaction, shall be subject to the prior Written Consent of the Funding Lender or the Servicer, as applicable.

Section 10.8. Construction of Documents. The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Borrower Loan Documents and the Funding Loan Documents and that the Borrower Loan Documents and the Funding Loan Documents shall not be subject to the principle of construing their meaning against the party that drafted them.

Section 10.9. No Third Party Beneficiaries. The Borrower Loan Documents and the Funding Loan Documents are solely for the benefit of the Governmental Lender, the Funding Lender, the Servicer, the Fiscal Agent and the Borrower and, with respect to Sections 9.1.3 and 9.1.4 hereof, the Underwriter Group, and nothing contained in any Borrower Loan Document shall be deemed to confer upon anyone other than the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer, and the Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 10.10. Assignment. The Borrower Loan, the Security Instrument, the Borrower Loan Documents and the Funding Loan Documents and all Funding Lender's or the Fiscal Agent's rights, title, obligations and interests therein may be assigned by the Funding Lender or the Fiscal Agent, as appropriate, at any time in their sole discretion, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise, subject in any event to the provisions of Section 2.4 of the Funding Loan Agreement. Upon such assignment, all references to Funding Lender or the Fiscal Agent, as appropriate, in this Borrower Loan Agreement and in any Borrower Loan Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of the Funding Lender or the Fiscal Agent, as appropriate. The Borrower shall accord full recognition to any such assignment, and all rights and remedies of Funding Lender in connection with the interest so assigned shall be as fully enforceable by such assignee as they were by Funding Lender before such assignment. In connection with any proposed assignment, Funding Lender may disclose to the proposed assignee any information that Borrower has delivered, or caused to be delivered, to Funding Lender with reference to Borrower, General Partner, Guarantor or any Borrower Affiliate, or the Project, including information that Borrower is required to deliver to Funding Lender pursuant to this Borrower Loan Agreement, provided that such proposed assignee agrees to treat such information as confidential. The Borrower may not assign its rights, interests or obligations under this Borrower Loan Agreement or under any of the Borrower Loan Documents or Funding Loan Documents, or Borrower's interest in any moneys to be disbursed or advanced hereunder, except only as may be expressly permitted hereby. The Borrower has read and accepts and agrees that it is bound by the Funding Loan Agreement, including Section 2.1(b) thereof.

Section 10.11. [Reserved].

Section 10.12. Governmental Lender, Fiscal Agent, Funding Lender and Servicer Not in Control; No Partnership. None of the covenants or other provisions contained in this Borrower Loan Agreement shall, or shall be deemed to, give the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer the right or power to exercise control over the affairs or management of the Borrower, the power of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer being limited to the rights to exercise the remedies referred to in the Borrower Loan Documents and the Funding Loan Documents. The relationship between the Borrower and the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Borrower Loan Documents or the Funding Loan Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between the Borrower and the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer or to create an equity interest in the Project in the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer. Neither the Governmental Lender, the Funding Lender, the Fiscal Agent nor the Servicer undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Project or the Borrower Loan, except as expressly provided in the Borrower Loan Documents or the Funding Loan Documents; and notwithstanding any other provision of the Borrower Loan Documents and the Funding Loan Documents: (1) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer are not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrower or its stockholders, members, or partners and the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer do not intend to ever assume such status; (2) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer shall in no event be liable for any the Borrower Payment Obligations, expenses or losses incurred or sustained by the Borrower; and (3) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer shall not be deemed responsible for or a participant in any acts, omissions or decisions of the Borrower, the Borrower Controlling Entities or its stockholders, members, or partners. The Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer and the Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between the Governmental Lender, the Funding Lender, the Servicer, the Fiscal Agent and the Borrower, or to create an equity interest in the Project in the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer, or any sharing of liabilities, losses, costs or expenses.

Section 10.13. Release. The Borrower hereby acknowledges that it is executing this Borrower Loan Agreement and each of the Borrower Loan Documents and the Funding Loan Documents to which it is a party as its own voluntary act free from duress and undue influence.

Section 10.14. Term of Borrower Loan Agreement. This Borrower Loan Agreement shall be in full force and effect until all payment obligations of the Borrower hereunder have been paid in full and the Borrower Loan and the Funding Loan have been retired or the payment thereof has been provided for; except that on and after payment in full of the Borrower Note, this Borrower Loan Agreement shall be terminated, without further action by the parties hereto; provided, however, that the obligations of the Borrower under Sections 5.11 (Governmental Lender's Fees, Fiscal Agent Fees and Funding Lender's Fees), 5.14 (Expenses), 5.15 (Indemnity), 9.1.3, 9.1.4, 9.1.5, 9.1.6 and 10.15 (Reimbursement of Expenses) hereof, and Section 5.7 (Third-Party

Consultants) of the Construction Funding Agreement, shall survive the termination of this Borrower Loan Agreement.

Section 10.15. Reimbursement of Expenses. If, upon or after the occurrence of any Event of Default or Potential Default, the Governmental Lender, the Funding Lender or the Servicer shall employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein, the Borrower will on demand therefor reimburse the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer for fees of such attorneys and such other expenses so incurred.

The Borrower's obligation to pay the amounts required to be paid under this Section 10.15 shall be subordinate to its obligations to make payments under the Borrower Note.

Section 10.16. Permitted Contests. Notwithstanding anything to the contrary contained in this Borrower Loan Agreement, Borrower shall have the right to contest or object in good faith to any claim, demand, levy or assessment (other than in respect of Debt or Contractual Obligations of Borrower under any Borrower Loan Document or Related Document) by appropriate legal proceedings that are not prejudicial to the rights of Governmental Lender, Funding Lender, Fiscal Agent or Servicer's rights, but this shall not be deemed or construed as in any way relieving, modifying or providing any extension of time with respect to Borrower's covenant to pay and comply with any such claim, demand, levy or assessment, unless Borrower shall have given prior Written Notice to the Governmental Lender and the Funding Lender of Borrower's intent to so contest or object thereto, and unless (i) Borrower has, in the Governmental Lender's and the Funding Lender's judgment, a reasonable basis for such contest, (ii) Borrower pays when due any portion of the claim, demand, levy or assessment to which Borrower does not object, (iii) Borrower demonstrates to Funding Lender's satisfaction that such legal proceedings shall conclusively operate to prevent enforcement prior to final determination of such proceedings, (iv) Borrower furnishes such bond, surety, undertaking or other security in connection therewith as required by law, or as requested by and satisfactory to Funding Lender, to stay such proceeding, which bond, surety, undertaking or other security shall be issued by a bonding company, insurer or surety company reasonably satisfactory to Funding Lender and shall be sufficient to cause the claim, demand, levy or assessment to be insured against by the Title Company or removed as a lien against the Project, (v) Borrower at all times prosecutes the contest with due diligence, and (vi) Borrower pays, promptly following a determination of the amount of such claim, demand, levy or assessment due and owing by Borrower, the amount so determined to be due and owing by Borrower. In the event that Borrower does not make, promptly following a determination of the amount of such claim, demand, levy or assessment due and owing by Borrower, any payment required to be made pursuant to clause (vi) of the preceding sentence, an Event of Default shall have occurred, and Funding Lender may draw or realize upon any bond or other security delivered to Funding Lender in connection with the contest by Borrower, in order to make such payment.

Section 10.17. Funding Lender Approval of Instruments and Parties. All proceedings taken in accordance with transactions provided for herein, and all surveys, appraisals and documents required or contemplated by this Borrower Loan Agreement and the persons responsible for the execution and preparation thereof, shall be satisfactory to and subject to approval by Funding Lender. Funding Lender's approval of any matter in connection with the Project shall be for the sole purpose of protecting the security and rights of Funding Lender. No

such approval shall result in a waiver of any default of Borrower. In no event shall Funding Lender's approval be a representation of any kind with regard to the matter being approved.

Section 10.18. Funding Lender Determination of Facts. Funding Lender shall at all times be free to establish independently, to its reasonable satisfaction, the existence or nonexistence of any fact or facts, the existence or nonexistence of which is a condition of this Borrower Loan Agreement.

Section 10.19. Calendar Months. With respect to any payment or obligation that is due or required to be performed within a specified number of Calendar Months after a specified date, such payment or obligation shall become due on the day in the last of such specified number of Calendar Months that corresponds numerically to the date so specified; provided, however, that with respect to any obligation as to which such specified date is the 29th, 30th or 31st day of any Calendar Month: if the Calendar Month in which such payment or obligation would otherwise become due does not have a numerically corresponding date, such obligation shall become due on the first day of the next succeeding Calendar Month.

Section 10.20. Determinations by Lender. Except to the extent expressly set forth in this Borrower Loan Agreement to the contrary, in any instance where the consent or approval of the Governmental Lender and the Funding Lender may be given or is required, or where any determination, judgment or decision is to be rendered by the Governmental Lender and the Funding Lender under this Borrower Loan Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Governmental Lender and the Funding Lender, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

Section 10.21. Governing Law. This Borrower Loan Agreement shall be governed by and enforced in accordance with the laws of the State, without giving effect to the choice of law principles of the State that would require the application of the laws of a jurisdiction other than the State.

Section 10.22. Consent to Jurisdiction and Venue. Borrower agrees that any controversy arising under or in relation to this Borrower Loan Agreement or the Borrower Note shall be litigated exclusively in the County of San Diego, California, unless the Governmental Lender waives this requirement. The state and federal courts and authorities with jurisdiction in the State shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Borrower Loan Agreement. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit Beneficiary Parties' right to bring any suit, action or proceeding relating to matters arising under this Borrower Loan Agreement against Borrower or any of Borrower's assets in any court of any other jurisdiction.

Section 10.23. Successors and Assigns. This Borrower Loan Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives,

successors, successors-in-interest and assigns, as appropriate, of such parties. References to a "person" or "persons" shall be deemed to include individuals and entities.

Section 10.24. Severability. The invalidity, illegality or unenforceability of any provision of this Borrower Loan Agreement shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

Section 10.25. Entire Agreement; Amendment and Waiver. This Borrower Loan Agreement contains the complete and entire understanding of the parties with respect to the matters covered. This Borrower Loan Agreement may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Borrower Loan Agreement shall be considered as a general waiver. Without limiting the generality of the foregoing, no Disbursement shall constitute a waiver of any conditions to the Governmental Lender's or the Funding Lender's obligation to make further Disbursements nor, in the event Borrower is unable to satisfy any such conditions, shall any such waiver have the effect of precluding the Governmental Lender or the Funding Lender from thereafter declaring such inability to constitute a Potential Default or Event of Default under this Borrower Loan Agreement.

Section 10.26. Counterparts. This Borrower Loan Agreement may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

Section 10.27. Captions. The captions of the sections of this Borrower Loan Agreement are for convenience only and shall be disregarded in construing this Borrower Loan Agreement.

Section 10.28. Servicer. Borrower hereby acknowledges and agrees that, pursuant to the terms of Section 39 of the Security Instrument: (a) from time to time, the Governmental Lender or the Funding Lender may appoint a servicer to collect payments, escrows and deposits, to give and to receive notices under the Borrower Note, this Borrower Loan Agreement or the other Borrower Loan Documents, and to otherwise service the Borrower Loan and (b) unless Borrower receives Written Notice from the Governmental Lender or the Funding Lender to the contrary, any action or right which shall or may be taken or exercised by the Governmental Lender or the Funding Lender may be taken or exercised by such servicer with the same force and effect.

Section 10.29. Beneficiary Parties as Third Party Beneficiary. Each of the Beneficiary Parties shall be a third party beneficiary of this Borrower Loan Agreement for all purposes.

Section 10.30. Waiver of Trial by Jury. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER AND THE BENEFICIARY PARTIES (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS BORROWER LOAN AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY,

KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

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

Section 10.31. Time of the Essence. Time is of the essence with respect to this Borrower Loan Agreement.

ARTICLE XI

LIMITATIONS ON LIABILITY

Section 11.1. Limitation on Liability. Notwithstanding anything to the contrary herein, the liability of the Borrower hereunder and under the other Borrower Loan Documents and the Funding Loan Documents shall be limited to the extent set forth in the Borrower Note.

Section 11.2. Limitation on Liability of Governmental Lender. the Governmental Lender shall not be obligated to pay the principal (or prepayment price) of or interest on the Funding Loan, except from moneys and assets received by the Fiscal Agent or the Funding Lender on behalf of the Governmental Lender pursuant to the assignment by Governmental Lender to Funding Lender of this Borrower Loan Agreement. Neither the faith and credit nor the taxing power of the State, or any political subdivision thereof, or of the City of San Diego, nor the faith and credit of the Governmental Lender or any of its members is pledged to the payment of the principal (or prepayment price) of or interest on the Funding Loan. The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Borrower Loan Agreement or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from the Borrower under this Borrower Loan Agreement.

The Borrower hereby acknowledges that the Governmental Lender's sole source of moneys to repay the Funding Loan will be provided by the payments made by the Borrower pursuant to this Borrower Loan Agreement, together with investment income on certain funds and accounts held by the Funding Lender under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or prepayment price) of and interest on the Funding Loan as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Funding Lender or the Servicer, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or prepayment price) of or interest on the Funding Loan, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Funding Lender, the Fiscal Agent, the Borrower, the Governmental Lender or any third party, subject to any right of reimbursement from the Funding Lender, the Fiscal Agent, the Governmental Lender or any such third party, as the case may be, therefor but solely, in the case of the Governmental Lender, from the Pledged Revenues, other than with respect to any deficiency caused by the willful misconduct of the Governmental Lender.

Section 11.3. Waiver of Personal Liability. No member, officer, agent or employee of the Governmental Lender or any of its members or any director, officer, agent or employee of the Governmental Lender shall be individually or personally liable for the payment of any principal (or prepayment price) of or interest on the Funding Loan or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Borrower Loan Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Borrower Loan Agreement.

Section 11.4. Limitation on Liability of Governmental Lender's and Funding Lender's Commissioners, Officers, Employees, Etc.

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

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

the Governmental Lender, the Fiscal Agent and the Funding Lender. Approvals granted by the Governmental Lender, the Fiscal Agent and the Funding Lender for any matters covered under this Borrower Loan Agreement shall be narrowly construed to cover only the parties and facts identified in any written approval or, if not in writing, such approvals shall be solely for the benefit of Borrower.

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

Section 11.5. Delivery of Reports, Etc. The delivery of reports, information and documents to the Governmental Lender, the Fiscal Agent and the Funding Lender as provided herein is for informational purposes only and the Governmental Lender's, the Fiscal Agent's and the Funding Lender's receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. The Governmental Lender, the Fiscal Agent and the Funding Lender shall have no duties or responsibilities except those that are specifically set forth herein, and no other duties or obligations shall be implied in this Borrower Loan Agreement against the Governmental Lender, the Fiscal Agent and the Funding Lender.

Section 11.6. Electronic Transactions. The transactions described in this Borrower Loan Agreement may be conducted and the related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Notwithstanding the foregoing, original executed versions of the Funding Loan Agreement and the Borrower Loan Agreement shall be delivered to the Funding Lender in connection with the closing of the transactions described herein.

Section 11.7. Prior Bond Documents. On the Funding Date, the Governmental Lender Note shall be exchanged for the Bonds in accordance with the Indenture and the Funding Loan Agreement, and this Borrower Loan Agreement, the Governmental Lender Note and the Funding Loan Agreement shall amend, restate and supersede the Loan Agreement, the Bonds and the Indenture, respectively.

ARTICLE XII

DEFEASANCE

Section 12.1. Defeasance Conditions. If the conditions specified in this Section 12.1 are met, then Borrower will have the right to defease the Borrower Loan in whole ("Defeasance") and

obtain the release of the Mortgaged Property from the Lien of the Security Instrument upon the satisfaction of each of the following conditions:

(a) Borrower will not have the right to obtain Defeasance at any of the following times:

(A) prior to the second (2nd) anniversary of the Funding Date;

(B) if the Governmental Lender Note has been assigned to a REMIC trust, prior to the period commencing on the second (2nd) anniversary of the "startup date" of the last REMIC within the meaning of Section 860G(a)(9) of the Code that holds all or any portion of the Governmental Lender Note and including the last day of the Lockout Period (as defined in the Borrower Note);

(C) after the last day of the Lockout Period (as defined in the Borrower Note); or

(D) after Funding Lender has accelerated the maturity of the unpaid principal balance of, accrued interest on, and other amounts payable under the Governmental Lender Note.

(b) Borrower shall have given Funding Lender, Fiscal Agent and Governmental Lender Notice ("Defeasance Notice") specifying a Business Day ("Defeasance Closing Date") on which Borrower desires to close the Defeasance. The Defeasance Closing Date specified by Borrower may not be more than 60 calendar days, nor less than 30 calendar days, after the latest date on which Funding Lender, Fiscal Agent and Governmental Lender each receives the Defeasance Notice.

(c) The Defeasance Notice must be accompanied by a $10,000 non-refundable fee ("Defeasance Fee") payable to Funding Lender for Funding Lender's processing of the Defeasance. If the Defeasance is not consummated on the Defeasance Closing Date for any reason, in addition to forfeiting the Defeasance Fee, Borrower agrees to reimburse Funding Lender, Fiscal Agent and Governmental Lender for all third-party costs and expenses incurred by any of them in reliance on the executed Defeasance Notice, within 5 Business Days after Borrower receives a written demand for payment, accompanied by a statement, in reasonable detail, of such third-party costs and expenses.

(d) No Event of Default shall have occurred and be continuing.

(e) Borrower shall have delivered each of the following documents to Funding Lender, in form and substance satisfactory to Lender, on or prior to the Defeasance Closing Date, unless Funding Lender has issued a written waiver of its right to receive any such document:

(i) One or more opinions of counsel for Borrower confirming each of the following:

(A) Fiscal Agent has a valid and perfected first Lien and first priority security interest in the Defeasance Collateral and the proceeds of the Defeasance Collateral.

(B) The Pledge Agreement (defined below) is duly authorized, executed, delivered and enforceable against Borrower in accordance with its terms.

(C) If, as of the Defeasance Closing Date, the Governmental Lender Note is held by a REMIC trust, then each of the following is correct:

(1) The Defeasance has been effected in accordance with the requirements of Treasury Regulation Section 1.860G-2(a)(8) (as such regulation may be modified, amended or replaced from time to time).

(2) The qualification and status of the REMIC trust as a REMIC will not be adversely affected or impaired as a result of the Defeasance.

(3) That there will be no imposition of a tax under applicable REMIC provisions as a result of the Defeasance.

(4) The Defeasance will not result in a "sale or exchange" of the Governmental Lender Note within the meaning of Section 1001(c) of the Tax Code and the temporary and final regulations promulgated thereunder.

(ii) A written certificate from an independent certified public accounting firm (reasonably acceptable to Funding Lender), confirming that the Defeasance Collateral will generate cash sufficient to make all Scheduled Debt Payments (defined below) as they fall due under the Governmental Lender Note, including full payment due on the Borrower Note on the Maturity Date.

(iii) Funding Lender's form of a pledge and security agreement ("Pledge Agreement") and financing statements which pledge and create a first priority security interest in the Defeasance Collateral in favor of Fiscal Agent.

(iv) Funding Lender's form of a transfer and assumption agreement ("Transfer and Assumption Agreement"), pursuant to which a newly-formed single purpose entity identified by Borrower and approved by Funding Lender and Governmental Lender as an accommodation borrower (the "Successor Borrower") will assume all obligations of Borrower under the Borrower Loan and Borrower and Guarantor will be relieved from liability in

connection with the Borrower Loan, including liabilities with respect to any loss, liability, damage, claim, cost or expense which directly or indirectly arises from or relates to any Prohibited Activities or Conditions existing prior to the date of the Defeasance Closing Date if Borrower delivers to Funding Lender a current environmental assessment report for the Mortgaged Property prepared at Borrower's expense by a qualified environmental consultant engaged by Borrower and approved by Funding Lender, and in a manner reasonably satisfactory to Funding Lender which (i) is dated within 90 days prior to the date of the proposed Defeasance Date, and (ii) evidences no presence of Hazardous Materials on the Mortgaged Property and no other Prohibited Activities or Conditions with respect to the Mortgaged Property.

(v) Forms of all documents necessary to release the Mortgaged Property from the Liens created by the Security Instrument and related UCC financing statements (collectively, "Release Instruments"), each in appropriate form required by the Property Jurisdiction.

(vi) A Tax Counsel No Adverse Effect Opinion.

(vii) If the Governmental Lender Note has been securitized in a Secondary Market Transaction, a written affirmation from a Rating Agency that the credit rating of the Securities issued by such Rating Agency immediately prior to the Defeasance will not be qualified, downgraded or withdrawn as a result of the occurrence of such event, which affirmation may be granted or withheld in such Rating Agency's sole and absolute discretion, and, if required by the Approved Rating Agencies, Borrower shall also deliver or cause to be delivered (from counsel satisfactory to Funding Lender) a non-consolidation opinion with respect to the Successor Borrower in form and substance satisfactory to Funding Lender and the applicable Rating Agency.

(viii) Any other opinions, certificates, documents or instruments that Lender may reasonably request.

(ix) Borrower will deliver to Fiscal Agent, on or prior to the Defeasance Closing Date, each of the following:

(A) Either money (which must be moneys or other amounts on deposited for a period of 123 days during which there shall not have occurred the filing of a voluntary or involuntary petition in bankruptcy under the United States Bankruptcy Code, or the commencement of a proceeding under any other applicable laws concerning insolvency, reorganization or bankruptcy, by or against the Borrower or the Governmental Lender; however, such amounts may be on deposit for a lesser period of time and still constitute eligible funds for the purpose of this Agreement if the Funding Lender, receives an opinion of counsel acceptable to the Funding Lender to the effect that the

use of such funds, if on deposit for such lesser period, will not constitute a voidable preference under the federal bankruptcy laws) or securities (which must be Government Obligations (as defined in the Funding Loan Agreement in clause (a) under the definition of "Permitted Investments"), subject to the Tax Certificate (the "Defeasance Collateral"), which meets all of the following requirements:

(1) It is owned by Borrower, free and clear of all Liens and claims of third parties.

(2) It is in an amount sufficient to provide for (1) redemption payments to occur prior, but as close as possible, to all successive Borrower Loan Payment Dates occurring under the Borrower Note after the Defeasance Closing Date, and (2) delivery of earnings and redemption proceeds at least equal to the amount of principal and interest due on the Borrower Note on each Borrower Loan Payment Date including full payment due on the Borrower Note on the Maturity Date ("Scheduled Debt Payments").

(3) All earnings and redemption payments received from the Defeasance Collateral will be paid directly to Fiscal Agent to be applied on account of the scheduled principal and interest due on the Borrower Note on each Borrower Loan Payment Date after the Defeasance Closing Date.

(4) The pledge of the Defeasance Collateral will be effected through the book-entry facilities of a qualified securities intermediary designated by Funding Lender in conformity with all applicable laws.

(B) All accrued and unpaid interest and all other sums due under the Borrower Note, this Borrower Loan Agreement and under the other Borrower Loan Documents up to the Defeasance Closing Date; provided that if the Defeasance Date is not a Borrower Loan Payment Date, the Borrower shall also pay interest that would have accrued on the Borrower Note through and including the next Borrower Loan Payment Date, unless the Defeasance Collateral shall include (or if the Government Obligations constituting the Defeasance Collateral) shall provide for payment of) all principal and interest computed from the Borrower Loan Payment Date prior to the Defeasance Date through the next succeeding Borrower Loan Payment Date;

(x) Borrower will pay all reasonable costs and expenses incurred by Funding Lender, Fiscal Agent and Governmental Lender in connection with the Defeasance in full on or prior to the Defeasance Closing Date, which

payment is required prior to Funding Lender's issuance of the Release Instruments and whether or not Defeasance is completed. Such expenses include all fees, costs and expenses incurred by Funding Lender and its agents in connection with the Defeasance (including reasonable attorneys' fee and costs for the review and preparation of the Pledge Agreement and of the other materials described in this Loan Agreement and any related documentation, Rating Agencies' fees, or other costs related to the Defeasance). Funding Lender reserves the right to require that Borrower post a deposit to cover costs which Funding Lender reasonably anticipates will be incurred in connection with the Defeasance.

(xi) No transfer fee or review fee will be payable to Funding Lender upon a Defeasance made in accordance with this Section 12.1.

Section 12.2. Release. If Borrower obtains a release of the Mortgaged Property from the Lien of the Security Instrument pursuant to Section 12.1, then the Borrower Payment Obligations will be secured by the Pledge Agreement and reference will be made to the Pledge Agreement for other rights of Funding Lender, Fiscal Agent and Governmental Lender as to collateral for the Borrower Payment Obligations.

[Remainder of Page Intentionally Left Blank]

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

BORROWER:

HILLCREST HALL LP,
a California limited partnership

[Borrower signature block to come]

GOVERNMENTAL LENDER:

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____
Authorized Signatory

Agreed to and Acknowledged by:

FUNDING LENDER:

CITIBANK, N.A.

By: _____
[Name:]
[Title:]
Deal ID No. 50016002

EXHIBIT A

MODIFICATIONS TO BORROWER LOAN AGREEMENT

None

FUNDING LOAN AGREEMENT

among

CITIBANK, N.A.,
as Funding Lender

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

and

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO,
as Governmental Lender

Dated as of [Funding Date]

relating to:

$[Par Amount]
Housing Authority of the City of San Diego
Multifamily Housing Revenue Note
(Hillcrest Hall) 20[__] Series [_]

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EXHIBIT B FORM OF REQUIRED TRANSFEREE REPRESENTATIONS

FUNDING LOAN AGREEMENT

This Funding Loan Agreement, dated as of [Funding Date] (this "Funding Loan Agreement"), is entered into by CITIBANK, N.A., a national banking association (together with any successor hereunder, the "Funding Lender"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO (together with its successors and assigns, the "Governmental Lender"), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State") pursuant to Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "Act") and U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of the United States of America, as fiscal agent (the "Fiscal Agent").

R E C I T A L S:

WHEREAS, pursuant to the Act, the Governmental Lender is authorized (a) to make loans to provide financing for rental residential developments intended to be occupied by persons of low and very low income; (b) to incur indebtedness for the purpose of obtaining moneys to make such loans and provide such financing, to establish any required reserve funds and to pay administrative costs and other costs incurred in connection with the incurrence of such indebtedness of the Governmental Lender; and (c) to pledge the revenues and receipts 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 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, on [Closing Date] (the "Delivery Date") pursuant to and in accordance with the Act and a Trust Indenture, dated as of [_____], 1 2026 (the "Indenture"), between the Governmental Lender, as issuer, and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), the Governmental Lender issued and sold its $18,200,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) (the "Bonds"), and used the proceeds thereof to make a loan to Hillcrest Hall LP (the "Borrower"), upon the terms and conditions of a promissory note dated the Delivery Date (the "Bond Note"), from the Borrower to the Governmental Lender in the original principal amount of $18,200,000 and the Loan Agreement dated as of [_____], 1 2026, between the Governmental Lender and the Borrower (the "Loan Agreement"), for purposes of funding a portion of the costs of the acquisition, construction, development, and/or equipping of a 98-unit (including one manager's unit) multifamily rental housing development located in the City of San Diego, known or to be known as Hillcrest Hall (the "Project"); and

WHEREAS, on the Delivery Date pursuant to and in accordance with the Act and a Trust Indenture dated as of [_____], 1 2026 (the "Taxable Bonds Indenture") between the Governmental Lender, as issuer, and the Trustee, the Governmental Lender issued and sold its $[TAXABLE PAR] Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) (the "Taxable Bonds"), and used the proceeds thereof to make a loan to the Borrower, upon the terms and conditions of a promissory note dated the Delivery Date (the "Taxable Note"), from the Borrower to the Governmental Lender in the original principal amount of $[TAXABLE PAR] and the Loan Agreement dated as of [_____],

1 2026, between the Governmental Lender and the Borrower (the "Taxable Bonds Loan Agreement"), for purposes of funding a portion of the costs of the Project, and the Taxable Bonds have been fully repaid on or prior to the date hereof; and

WHEREAS, in connection with the issuance of the Bonds, the Funding Lender made a taxable construction loan to the Borrower in the original maximum principal amount of $[Mortgage Loan], the proceeds of which were used (i) to finance a portion of the costs of acquiring, constructing, and equipping of the Project and (ii) to make deposits into the Collateral Fund (as defined in the Indenture); and

WHEREAS, in connection with the issuance of the Bonds, the Funding Lender entered into a Forward Commitment Agreement with the Borrower dated [June 1, 2026] (the "Forward Commitment Agreement"), whereby the Funding Lender committed, subject to the satisfaction of the Conditions to Funding set forth in the Forward Commitment Agreement, to facilitate the financing of the Project by making the Funding Loan (defined below) pursuant to the provisions of this Funding Loan Agreement and purchasing the Governmental Lender Note (as described below); and

WHEREAS, the Funding Lender has determined that the Conditions to Funding have been satisfied and, as a result, is entering into this Funding Loan Agreement pursuant to which the Funding Lender is making the Funding Loan to the Governmental Lender; and

WHEREAS, on the Funding Date (as defined herein), (i) the Bonds are subject to mandatory tender in accordance with the Indenture, (ii) the purchase price of the Bonds is being paid by the Trustee with the proceeds of the Funding Loan, (iii) the Bonds are being removed from the Book-Entry System and exchanged for the physical Governmental Lender Note and delivered to the Funding Lender to evidence the Funding Loan, (iv) this Funding Loan Agreement and the Borrower Loan Agreement dated as of [Funding Date] (the "Borrower Loan Agreement") by and between the Governmental Lender and the Borrower, are being delivered by the respective parties and becoming effective and supersede the Indenture and the Loan Agreement, respectively, (v) the Borrower is executing and delivering to the Governmental Lender an Amended and Restated Multifamily Note (Tax Exempt) dated [Funding Date] (the "Borrower Note") to evidence its obligations under the Borrower Loan Agreement and is executing and delivering to the Funding Lender a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Tax Exempt) of even date herewith (as amended, restated and/or supplemented from time to time, the "Security Instrument") with respect to the Project to secure its obligations under the Borrower Loan Agreement; and

WHEREAS, the Borrower Note, the Borrower Loan Agreement, the Funding Loan Documents (as defined herein), and all other Borrower Loan Documents (excluding in all cases, the Unassigned Rights (as defined herein)) are being assigned by the Governmental Lender to the Funding Lender to secure the Funding Loan; and

WHEREAS, the Governmental Lender has executed and delivered to the Funding Lender its Housing Authority of the City of San Diego Multifamily Housing Revenue Note (Hillcrest Hall) 20[__] Series [_] (the "Governmental Lender Note"), dated [Funding Date], evidencing its

obligation to make the payments due to the Funding Lender under the Funding Loan as provided in this Funding Loan Agreement; and

WHEREAS, the execution, delivery and exchange of the Governmental Lender Note and the execution and delivery of this Funding Loan Agreement and the Borrower Loan Agreement have been in all respects duly and validly authorized in accordance with the Act.

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

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

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

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

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

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

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

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

(g) References to the Governmental Lender Note as "tax exempt" or to the "tax exempt status" of the Governmental Lender Note are to the exclusion of interest on the Governmental Lender Note (other than any portion of the Governmental Lender Note held by a "substantial user" of the Project or a "related person" within the meaning of

Section 147 of the Code) from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

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

"Act" shall mean Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the California Health and Safety Code, as now in effect and as it may from time to time hereafter be amended and supplemented.

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

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

"Approved Transferee" means (1) a "qualified institutional buyer" ("QIB") as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the "Securities Act") that is a financial institution or commercial bank having capital and surplus of $5,000,000,000 or more, (2) an Affiliate of the Funding Lender, (3) a trust or custodial arrangement established by the Funding Lender or one of its Affiliates 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 (4) a Governmental Entity, or (5) in the case of a transferee that purchases a participation interest in the Governmental Lender Note from the Funding Lender, a QIB that is a financial institution or commercial bank (without regard to its capital and surplus).

"Authorized Governmental Lender Representative" shall mean any Designated Officer of the Governmental Lender described in the resolution authorizing the Tax-Exempt Bonds and such additional Person or Persons, if any, duly designated by 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.

"Bond Note" shall have the meaning given to such term in the recitals hereto.

"Bonds" shall have the meaning given to such term in the recitals hereto.

"Borrower" shall mean Hillcrest Hall LP, a California limited partnership, and its permitted successors under the Loan Agreement.

"Borrower Loan" shall mean the loan made by the Governmental Lender to the Borrower pursuant to the Loan Agreement, as amended and superseded by the Borrower Loan Agreement in the principal amount of the Borrower Loan Amount, as evidenced by the Bond Note, as amended and restated by the Borrower Note.

"Borrower Loan Agreement" shall mean the Borrower Loan Agreement, of even date herewith, between the Governmental Lender and the Borrower, which supersedes the Loan Agreement, as supplemented, amended or replaced from time to time in accordance with its terms.

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

"Borrower Loan Amount" shall mean the amount of $[Par Amount].

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

"Borrower Note" shall mean that certain Amended and Restated Multifamily Note (Tax Exempt) dated the Funding Date, which amends and restates the Bond Note, in the original principal amount of $[Par Amount] made by the Borrower and payable to the Governmental Lender, as endorsed and assigned to the Funding Lender, as it may be amended, supplemented or replaced from time to time.

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

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

"Conditions to Conversion" shall have the meaning given such term in the Construction Funding Agreement.

"Conditions to Funding" shall have the meaning given to such term in the Forward Commitment Agreement.

"Construction Funding Agreement" means that certain Construction Funding Agreement of even date herewith, between the Funding Lender and Borrower, as such agreement may be amended, modified, supplemented and replaced from time to time.

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

"Conversion Date" shall have the meaning set forth in the Construction Funding Agreement.

"Delivery Date" shall mean [CLOSING DATE], the date on which the Bonds were issued and delivered.

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

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

"Fiscal Agent Fee" shall mean the ongoing compensation and expenses payable to the Fiscal Agent as follows:

(a) shall mean initial fees of the Fiscal Agent payable on the Funding Date and the annual fee of the Fiscal Agent in the amount of $4,000 annually, payable annually in arrears by the Borrower to the Fiscal Agent on each anniversary of the Funding Date, so long as any portion of the Funding Loan is outstanding;

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

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

"Fitch" shall mean Fitch, Inc.

"Forward Commitment Agreement" shall have the meaning assigned to such term in the recitals hereto.

"Funding Date" shall mean [Funding Date], the date on which the Conditions to Funding are satisfied and the Funding Lender makes the Funding Loan.

"Funding Lender" shall mean Citibank, N.A., a national banking association, and any successor under this Funding Loan Agreement and the Borrower Loan Documents.

"Funding Loan" shall mean the loan in the original principal amount of $[Par Amount] made by the Funding Lender to the Governmental Lender under this Funding Loan Agreement to purchase the Governmental Lender Note, the proceeds of which are being used by the Trustee to pay the purchase price of the Bonds on the Funding Date.

"Funding Loan Agreement" shall mean this Funding Loan Agreement, dated [Funding Date], by and among the Funding Lender, the Fiscal Agent and the Governmental Lender, which supersedes the Indenture, as it may from time to time be supplemented, modified or amended by

one or more amendments or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof.

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

"Governmental Lender" shall mean the Housing Authority of the City of San Diego, and any successor under this Funding Loan Agreement and the Funding Loan Documents.

"Governmental Lender Note" shall mean the Housing Authority of the City of San Diego Multifamily Housing Revenue Note (Hillcrest Hall) 20[__] Series [_] dated the Funding Date in the original principal amount of $[Par Amount].

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

"Indenture" shall have the meaning set forth in the recitals hereto.

"Loan Agreement" shall have the meaning set forth in the recitals hereto.

"Maturity Date" shall mean [January 1, 2060].

"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 $100,000 or the full outstanding principal amount of the Funding Loan, if such principal amount is less than $100,000.

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

"Noteowner" or "owner of the Governmental Lender Note" shall mean the owner of the Governmental Lender Note as shown on the registration books maintained by the Fiscal Agent pursuant to Section 2.6(d).

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

"Permitted Investments" shall mean, to the extent authorized by law for investment of any moneys held under this Funding Loan Agreement:

(a) Direct obligations of the United States of America including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America ("Government Obligations").

(i) Direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America, or direct obligations of the World Bank, which obligations are rated in the Highest Rating Category.

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

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

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

(m) Collateralized Investment Agreements or Repurchase Agreements with financial institutions rated in the "A" category or higher without regard to qualifiers, by at least one Rating Agency. The agreement must be continually collateralized with obligations specified in paragraphs (a), (b) and/or (d) above, eligible for wire through the Federal Reserve Bank System or the DTC/PTC as applicable, and at a level of at least 103% of the amount on deposit and valued no less than daily. The collateral must be held by a third party custodian and be free and clear of all liens and claims of third parties. Securities must be valued daily, marked-to-market at current market price plus accrued

interest. If the market value of the securities is found to be below the required level, the provider must restore the market value of the securities to the required level within one (1) Business Day. Permitted collateral must be delivered to and held in a segregated account by the Fiscal Agent or a custodian (the "Collateral Agent"), and the Collateral Agent cannot be the provider. The collateral must be delivered to the Collateral Agent before/simultaneous with payment (perfection by possession of certificated securities). Acceptable collateral must be free and clear of all liens and claims of third parties and shall be registered in the name of the Collateral Agent for the benefit of the Governmental Lender and the Fiscal Agent. The agreement shall state that the Collateral Agent has a valid and perfected first priority security interest in the securities, any substituted securities and all proceeds thereof.

(n) Any other investment authorized by the laws of the State, if such investment is approved in advance in writing by the Funding Lender in its sole discretion. Permitted Investments shall not include any of the following:

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

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

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

(4) Any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index.

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

"Pledged Revenues" shall mean the amounts pledged under this Funding Loan Agreement to the payment of the principal of, prepayment premium, if any, and interest on the Funding Loan and the Governmental Lender Note, 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 Note, payments with respect to the Borrower Loan Payments and all amounts obtained through the exercise of the remedies provided

in the Funding Loan Documents and all receipts credited under the provisions of this Funding Loan Agreement against said amounts payable, and (ii) moneys held in the funds and accounts established under this Funding Loan Agreement, together with investment earnings thereon. Notwithstanding the foregoing, "Pledged Revenues" shall not include amounts payable by the Borrower to the Governmental Lender pursuant to Sections 2.5, 5.11, 5.14, 5.15, 5.35 or 10.15 of the Borrower Loan Agreement, or under Article IX of the Borrower Loan Agreement, and shall not include amounts in the Rebate Fund referenced in Section 5.35 of the Borrower Loan Agreement.

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

"Project" shall have the meaning given to that term in the Borrower Loan Agreement.

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

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

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

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

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

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

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

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

"Security Instrument" shall mean the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Tax Exempt) (as amended, restated and/or supplemented from time to time) of even date herewith, made by the Borrower in favor of the Funding Lender.

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

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

"State" shall mean the State of California.

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

"Tax Certificate" shall mean the Certificate as to Arbitrage, dated the Delivery Date, between the Governmental Lender and the Borrower, and the Certificate Regarding Use of Proceeds, dated the Delivery Date, by the Borrower, as such certificates may be amended, modified, supplemented and replaced from time to time.

"Tax Counsel" shall mean (a) Jones Hall 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 the Governmental Lender Note constitutes a valid and binding obligation of the Governmental Lender and that, under existing statutes, regulations published rulings and judicial decisions, the interest on the Governmental Lender Note is excludable from gross income for federal income tax purposes (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

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

"Trustee" shall have the meaning set forth in the recitals hereto.

"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 and the Rebate Amount under Section 2.5 of the Borrower Loan Agreement and Section 17 of the Regulatory Agreement, (b) to access to the

Project under Section 5.17 of the Borrower Loan Agreement, (c) to indemnification under Section 5.15 of the Borrower Loan Agreement and Section 7 of the Regulatory Agreement, (d) to attorneys' fees and other fees and expenses under Sections 5.11, 5.14, 5.15 and 10.15 of the Borrower Loan Agreement and Section 17 of the Regulatory Agreement, (e) 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, (f) to seek performance by the Borrower of its obligations under the Regulatory Agreement or the Tax Certificate, (g) 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 Sections 5.34 and 5.35 of the Borrower Loan Agreement, and (h) to enforce the provisions of Section 10.22 of the Borrower Loan Agreement.

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

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

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

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

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

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

ARTICLE II

TERMS; GOVERNMENTAL LENDER NOTE

Section 2.1. Terms.

(a) Principal Amount. The total principal amount of the Funding Loan is $[Par Amount].

(b) [Reserved].

(c) Origination Date; Maturity. The Funding Loan shall be originated on the Funding Date and shall mature on the Maturity Date at which time the entire principal amount of the Governmental Lender Note, 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 Governmental Lender Note and of the Funding Loan as of any given date shall be the total amount advanced by the Funding Lender to or for the account of the Governmental Lender on the Funding Date, less any payments of principal of the Governmental Lender Note received upon payment of corresponding principal amounts under the Borrower Note, including regularly scheduled principal payments and voluntary and mandatory prepayments. The principal amount of the Governmental Lender Note and interest thereon shall be payable on the basis specified in this paragraph (d) and in paragraphs (e) and (f) of this Section 2.1.

The Funding Lender shall keep a record of all principal repayments made under the Governmental Lender Note and shall upon written request provide the Governmental Lender with a statement of the outstanding principal balance of the Governmental Lender Note.

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

(f) Corresponding Payments. The payment or prepayment of principal, interest and premium, if any, due on the Funding Loan and the Governmental Lender Note shall be identical with and shall be made on the same dates, terms and conditions, as the principal, interest, premiums, late payment fees and other amounts due on the Borrower Note. Any payment or prepayment made by the Borrower of principal, interest, or premium, if any, due on the Borrower Note shall be deemed to be like payments or prepayments of principal, interest and premium, if any, due on the Funding Loan and the 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 Note and all agreements made in the Governmental Lender Note, this Funding Loan Agreement and the Funding Loan Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto. If, from any

circumstances whatsoever, the fulfillment of any provision of the Governmental Lender Note, this Funding Loan Agreement or the other Funding Loan Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If 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 Note, this Funding Loan Agreement and all other Funding Loan Documents.

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

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

Section 2.3. Execution and Delivery of Governmental Lender Note. The Governmental Lender Note shall be executed on behalf of the Governmental Lender by the manual 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 authentication and delivery of the Governmental Lender Note or shall not have held such offices at the date of the Governmental Lender Note.

Section 2.4. Authentication. The Governmental Lender Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Funding Loan Agreement unless a certificate of authentication on such Governmental Lender Note shall have been manually executed by the Fiscal Agent. The Fiscal Agent shall authenticate the Governmental Lender Note by execution of the certificates of authentication on or attached to the

Governmental Lender Note, and the certificates of authentication so executed on or attached to the Governmental Lender Note shall be conclusive evidence that they have been authenticated and delivered under this Funding Loan Agreement.

Section 2.5. Registration and Transfer of Governmental Lender Note.

The Fiscal Agent acknowledges that, following the Funding Date, the Funding Lender will be the holder of the Governmental Lender Note and shall remain the sole holder of the Governmental Lender Note except as otherwise provided herein.

The Fiscal Agent, on behalf of the Governmental Lender, shall provide for the registration of the Governmental Lender Note and the registration of transfers thereof. In that regard, the Fiscal Agent shall maintain a register which shall contain a record of every Governmental Lender Note at any time authenticated hereunder, together with the name and address of the holder thereof, the date of authentication, the date of transfer or payment, and such other matters as may be deemed appropriate by the Fiscal Agent or the Governmental Lender. The Governmental Lender, the Fiscal Agent and any agent of the Governmental Lender or the Fiscal Agent may treat the person in whose name a Governmental Lender Note is registered as the owner of a Governmental Lender Note for the purpose of receiving payment of such Governmental Lender Note and for all other purposes whatsoever whether or not the Governmental Lender Note payments are overdue, and, to the extent permitted by law, neither the Governmental Lender, the Fiscal Agent nor any such agent shall be affected by notice to the contrary.

The transfer of the Governmental Lender Note is subject to registration by the holder thereof only upon compliance with the conditions for registration of transfer imposed on the holder under this Section 2.5 and under Section 2.6 hereof. Upon surrender of the Governmental Lender Note at the principal corporate trust office of the Fiscal Agent, the Governmental Lender shall execute (if necessary), and the Fiscal Agent shall authenticate and deliver, in the name of the designated transferee or transferees (but not registered in blank or to "bearer" or a similar designation), a new Governmental Lender Note of a like principal amount, and having the same stated maturity, tenor and interest rate.

A Governmental Lender Note delivered in exchange for or upon transfer of a Governmental Lender Note shall be a valid limited obligation of the Governmental Lender evidencing the same debt, and entitled to the same benefits under this Funding Loan Agreement, as the Governmental Lender Note surrendered for such exchange or transfer.

Registration of the transfer of the Governmental Lender Note may be made on the Fiscal Agent's register by the holder thereof in person or by such holder's attorney duly authorized in writing. The Governmental Lender Note presented or surrendered for registration of transfer or exchange shall (i) be accompanied by evidence of compliance with the provisions of Section 2.6 hereof, (ii) be duly endorsed or be accompanied by a written instrument or instruments of transfer, in a form satisfactory to the Fiscal Agent, duly executed and with guaranty of signature of the holder thereof or his, her or its attorney duly authorized in writing and (iii) include written instructions as to the details of the transfer of the Governmental Lender Note.

No service charge shall be made to the registered holder of the Governmental Lender Note for any registration, transfer or exchange, but the Fiscal Agent and the Governmental Lender may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of the Governmental Lender Note, and any legal or unusual costs of transfers.

Section 2.6. 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 Funding Date.

(b) The Funding Lender shall have the right to sell (i) the Governmental Lender Note and the Funding Loan in whole or (ii) any portion of or participation interests in the Governmental Lender Note and the Funding Loan, to the extent permitted by Section 2.6(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, and the Fiscal Agent, 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 (3) or (4) of the definition of "Approved Transferee."

(c) Notwithstanding the other provisions of this Section 2.6, no beneficial ownership interest in the Governmental Lender Note 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 Note and Funding Loan described in clause (3) 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 Note and the Funding Loan or any participation interest in the Governmental Lender Note 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 Note and the Funding Loan or participation interest therein. The Governmental Lender Note 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 Fiscal Agent 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 Note 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 Note.

ARTICLE III

PREPAYMENT

Section 3.1. Prepayment of the Governmental Lender Note from Prepayment under the Borrower Note. The Governmental Lender Note is subject to voluntary and mandatory prepayment as follows:

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

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

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

Section 3.2. Notice of Prepayment. Notice of prepayment of the Governmental Lender Note shall be deemed given to the extent that notice of prepayment of the Borrower Note is timely and properly given to Funding Lender and the Fiscal Agent (in accordance with the terms of the Borrower Note and the Borrower Loan Agreement) and no separate notice of prepayment of the Governmental Lender Note is required to be given.

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

ARTICLE IV

SECURITY

Section 4.1. Security for the Funding Loan. To secure the payment of the Funding Loan and the Governmental Lender Note, to declare the terms and conditions on which the Funding Loan and the Governmental Lender Note are secured, and in consideration of the 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 Note, 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 by the Fiscal Agent under this Funding Loan Agreement, subject to the provisions of this Funding Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

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

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

Section 4.2. Delivery of Security. To provide security for the payment of the Funding Loan and the Governmental Lender Note, the Governmental Lender has pledged and assigned to secure payment of the Funding Loan and the Governmental Lender Note 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 Note endorsed without recourse to the Funding Lender by the Governmental Lender;

(b) An originally executed Borrower Loan Agreement and a recorded copy of the Regulatory Agreement;

(c) The originally executed Security Instrument and all other Borrower Loan Documents existing at the time of delivery of the Borrower Note, in recordable form; and

(d) Uniform Commercial Code financing statement giving notice of the pledge by the Governmental Lender of the Security pledged under this Funding Loan Agreement.

(e) 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, at the expense of the Borrower.

ARTICLE V

LIMITED LIABILITY

Section 5.1. Source of Payment of Funding Loan and Other Obligations. Pursuant to the Act, the Funding Loan and the Governmental Lender Note is a limited obligation 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 CITY OF SAN DIEGO, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE GOVERNMENTAL LENDER, TO

THE LIMITED EXTENT SET FORTH HEREIN) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE GOVERNMENTAL LENDER NOTE AND THE FUNDING LOAN OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER WITH RESPECT THERETO EXCEPT AS SET FORTH HEREIN, AND NONE OF THE FUNDING LOAN OR THE GOVERNMENTAL LENDER NOTE OR ANY OF THE GOVERNMENTAL LENDER'S AGREEMENTS OR OBLIGATIONS WITH RESPECT TO THE FUNDING LOAN, THE GOVERNMENTAL LENDER NOTE, OR HEREUNDER, SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. 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 Note 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 Note or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Borrower Loan Agreement.

Section 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 officer, director, governing commissioner, employee or agent of the Governmental Lender in his individual capacity, and neither the officers, directors, governing commissioners, employees or agents of the Governmental Lender executing the Governmental Lender Note or this Funding Loan Agreement shall be liable personally on the Governmental Lender Note or under this Funding Loan Agreement or be subject to any personal liability or accountability by reason of the issuance of the Governmental Lender Note or the execution of this Funding Loan Agreement.

ARTICLE VI

CLOSING CONDITIONS; APPLICATION OF FUNDS

Section 6.1. Conditions Precedent to Closing. Closing of the Funding Loan on the Funding 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 clause (g) as applicable to the 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 Note;

(b) Receipt by the Funding Lender of the original executed Borrower Note, endorsed without recourse to the Funding Lender by the Governmental Lender;

(c) Receipt by the Funding Lender of executed counterpart copies of this Funding Loan Agreement, the Borrower Loan Agreement, the Construction Funding Agreement, the Regulatory Agreement, the Tax Certificate and the Security Instrument;

(d) A certified copy of the Resolution, if any;

(e) An executed Required Transferee Representations from the Funding Lender;

(f) Delivery into escrow or to the Fiscal Agent, as appropriate, of all amounts required to be paid in connection with the origination of the Borrower Loan and the Funding Loan and any underlying real estate transfers or transactions, including the Costs of Funding Deposit, 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 No Adverse Effect 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 and the Funding Lender; and

(i) Receipt by the Funding Lender of any other documents or opinions that the Funding Lender or Tax Counsel may require in connection with the closing.

ARTICLE VII

FUNDS AND ACCOUNTS

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

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

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

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

(a) The Governmental Lender is a public body, corporate and politic, duly organized and validly 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) As of the Funding Date, 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) to its knowledge, any other existing laws, rules, regulations, judgments, decrees and orders applicable to it, or (iii) to its knowledge, the provisions of any agreements and instruments to which the Governmental Lender is a party, a default under or violation of which would prevent it from entering into this Funding Loan Agreement, executing and delivering the Governmental Lender Note, financing the Project, executing and delivering the other Funding Loan Documents to which it is a party or consummating the transactions contemplated thereby, 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 Note or the Borrower Note pursuant to any securities laws or complying with any other requirements of securities laws).

(c) As of the Funding Date, to the best knowledge of the Governmental Lender, 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 Note and this Funding Loan Agreement have not been pledged previously by the Governmental Lender to secure any of its notes or bonds other than the Funding Loan as evidenced by the Governmental Lender Note.

(e) The California Debt Limit Allocation Committee has provided an allocation of the State's private activity bond volume cap under Section 146 of the Code to the Governmental Lender for the Governmental Lender Note, and the Governmental Lender has timely made 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 Governmental Lender Note; and, in connection therewith, has directed Tax Counsel to include the information on Form 8038 filed for the Governmental Lender Note that is required by Section 3.03 of said Notice.

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

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

Section 8.3. Repayment of Funding Loan. 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 Note, as and when the same shall become due, all in accordance with the terms of the Governmental Lender Note and this Funding Loan Agreement.

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

Section 8.5. Borrower Loan Agreement Performance.

(a) The Funding Lender, the Fiscal Agent and the Servicer, if any, on behalf of the Governmental Lender, may (but shall not be required or obligated) 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 or cause to be notified the Borrower, the Servicer and the Funding Lender in writing of the occurrence of any Borrower Loan Agreement Default, provided that the Governmental Lender has received Written Notice of such event.

Section 8.6. Maintenance of Records; Inspection of Records.

(a) The Fiscal Agent shall keep and maintain adequate records pertaining to any funds and accounts established hereunder, including all deposits to and disbursements from said funds and accounts and shall keep and maintain the registration books for the Funding Loan and interests therein. The Fiscal Agent shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and premium paid on the Funding Loan, subject to the inspection of the Governmental Lender and 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 Servicer, the Borrower, the Fiscal Agent or the Funding Lender, afford and procure a reasonable opportunity by their respective representatives to inspect the books, records, reports and other papers of the Governmental Lender relating to the Project and the Funding Loan, if any, and to make copies thereof.

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

(a) Require the Borrower to execute the Regulatory 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 Governmental Lender Note to be includable in gross income for federal income tax purposes;

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

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

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

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

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

For purposes of this Section 8.7 the Governmental Lender's compliance shall be based solely on matters within the Governmental Lender's knowledge and control and no acts, omissions or directions of the Borrower, the Fiscal Agent, the Funding Lender or any other Persons shall be attributed to the Governmental Lender.

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

Section 8.8. Performance by the Borrower. Without relieving the Governmental Lender from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, the Borrower, on behalf of the Governmental Lender, may perform any such agreement or covenant if, under the Borrower Loan Agreement, any Event of Default or Potential Default exists.

Section 8.9. Maintenance of Records. The Funding Lender shall keep and maintain adequate records pertaining to the funds and accounts, if any, 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.

Section 8.10. Monthly Statements. On or before the fifth day of each month, beginning [_____ 5], 20[__], the Funding Lender shall provide a statement of all loan and fund balances under this Funding Loan Agreement to the Governmental Lender, with a copy to the Fiscal Agent, in form and substance satisfactory to the Governmental Lender.

ARTICLE IX

DEFAULT; REMEDIES

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

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

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

(c) Subject to Section 8.8 hereof, default in the performance or breach of any material covenant or warranty of the Governmental Lender in this Funding Loan Agreement (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after there has been given written notice, as provided in Section 12.1 hereof, to the Governmental Lender and the Borrower by the Funding Lender or the Servicer, specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Funding Loan Agreement; provided that, so long as the Governmental Lender, or the Borrower on its behalf, has commenced to cure such failure to observe or perform within the 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, or the Borrower on its behalf, is diligently pursuing such cure to the Funding Lender's satisfaction, with the Funding Lender's Written Direction or Written Consent, then the Governmental Lender, or the Borrower on its behalf, shall have an additional period of time as reasonably necessary (not to exceed 30 days unless extended in writing by the Funding Lender) within which to cure such default; or

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

Section 9.2. Acceleration of Maturity; Rescission and Annulment.

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

if any, and interest on the Funding Loan and the Governmental Lender Note shall become immediately due and payable.

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

(i) There has been deposited with the Funding Lender a sum sufficient to pay (1) all overdue installments of interest on the Funding Loan, (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.

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

Section 9.3. Additional Remedies; Funding Lender Enforcement.

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

(b) Upon the occurrence and continuation of any Event of Default, the Funding Lender may proceed forthwith to protect and enforce its rights and this Funding Loan Agreement by such suits, actions or proceedings as the Funding Lender, in its sole discretion, shall deem expedient. Funding Lender shall have upon the occurrence and continuation of any Event of Default all rights, powers, and remedies with respect to the Security as are available under the 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) [Reserved];

(iii) to service and administer the Funding Loan as agent and on behalf of the Governmental Lender or otherwise, and, if applicable, to take such actions necessary to enforce the Borrower Loan Documents and the Funding Loan Documents on its own behalf, and to take such alternative courses of action, as it may deem appropriate; or

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

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

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

(e) If the Borrower defaults in the performance of its obligations under the Borrower Loan Agreement to make rebate payments, to comply with any applicable continuing disclosure requirements, or to make payments owed pursuant to Sections 2.5,

5.14 or 5.15 of the Borrower Loan Agreement 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).

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

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

(b) Second: To the payment of the whole amount of the Funding Loan, as evidenced by the Governmental Lender 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.

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

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

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

Section 9.7. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Funding Lender is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every

other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

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

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

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

Section 9.11. Waiver of Appraisement and Other Laws.

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

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

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

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

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

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

ARTICLE X

AMENDMENT; AMENDMENT OF BORROWER LOAN AGREEMENT AND OTHER DOCUMENTS

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

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

Section 10.3. Consents and Opinions. No amendment to this Funding Loan Agreement or any other Funding Loan Document entered into under this Article X or any amendment, change or modification otherwise permitted under this Article X shall become effective unless and until (i) the Funding Lender shall have approved the same in writing in its sole discretion, and (ii) 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

THE FISCAL AGENT

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

Section 11.2. Certain Duties and Responsibilities of Fiscal Agent.

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

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

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

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

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

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

(iv) No provision of this Funding Loan Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it in its sole discretion.

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

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

(e) The Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Funding Loan Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Funding Loan Agreement.

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

(g) The rights of the Fiscal Agent and limitations of liability enumerated herein and in Section 11.4 shall extend to actions taken or omitted in its role as a party to the Borrower Loan Agreement and the other Funding Loan Documents.

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

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

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

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

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

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

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

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

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

(h) The Fiscal Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Funding Loan Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Fiscal Agent, or another method or system specified by the Fiscal Agent as available for use in connection with its services hereunder.); provided, however, that the Funding Lender, the Governmental Lender, the Servicer, if any, and/or the Borrower, as applicable, shall provide to the Fiscal Agent an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Funding Lender, the Governmental Lender, the Servicer and/or the Borrower, as applicable, whenever a person is to be added or deleted from the listing. If the Funding Lender, the Governmental Lender, the Servicer and/or the Borrower, as applicable, elects to give the Fiscal Agent Instructions using Electronic Means and the Fiscal Agent in its discretion elects to act upon such Instructions, the Fiscal Agent's understanding of such Instructions shall be deemed controlling. The Funding Lender, the Governmental Lender, the Servicer and the Borrower understand and agree that the Fiscal Agent cannot determine the identity of the actual sender of such Instructions and that the Fiscal Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Fiscal Agent have been sent by such Authorized Officer. The Funding Lender, the Governmental Lender, the Servicer and the Borrower shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Fiscal Agent and that the Funding Lender, the Governmental Lender, the Servicer, the Borrower and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Funding Lender, the Governmental Lender, the Servicer and/or the Borrower, as applicable. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Funding Lender, the Governmental Lender, the Servicer and the Borrower agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks

associated with the various methods of transmitting Instructions to the Fiscal Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Funding Lender, the Governmental Lender, the Servicer and/or the Borrower, as applicable; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

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

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

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

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

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

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

Section 11.7. Moneys Held in Trust. Moneys held by the Fiscal Agent in trust hereunder need not be segregated from other funds except to the extent hereunder directed or as required by

law. The Fiscal Agent shall be under no liability for interest on any moneys received by it hereunder except as otherwise provided herein.

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

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

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

(b) As security for the performance of the obligations of the Borrower under this Section and for the payment of such compensation, expenses, reimbursements and indemnity, subject to the rights of the Funding Lender, the Fiscal Agent shall have the right to use and apply any moneys held by it as Pledged Revenues.

(c) The Fiscal Agent's rights to compensation and reimbursement shall survive its resignation or removal, the payment of the Funding Loan or the Borrower Loan or the release of this Funding Loan Agreement.

Section 11.9. Fiscal Agent Required; Eligibility. Any successor Fiscal Agent shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State approved in writing by the Governmental Lender and either (a) have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition, (b) be a wholly owned subsidiary of a bank holding company, or a wholly owned subsidiary of a company that is a wholly owned subsidiary of a bank holding company, having a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition, have at least $500,000,000 of trust assets under management and have a combined capital and surplus of at least $2,000,000 as set forth in its most recent published annual report of condition, or (c) be otherwise acceptable to the Funding Lender and the Governmental Lender in their sole and absolute discretion.

Section 11.10. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Fiscal Agent hereunder and no appointment of a successor Fiscal Agent pursuant to this Article shall become effective until the written acceptance by the successor Fiscal Agent of such appointment.

(b) The Fiscal Agent may resign at any time by giving 60 days' Written Notice thereof to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender. If an instrument of acceptance by a successor Fiscal Agent shall not have been delivered to the Fiscal Agent within 45 days after the giving of such notice of resignation, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(c) The Fiscal Agent may be removed at any time with 30 days' notice by the Governmental Lender, with Written Notice delivered to the Funding Lender and the Borrower.

(d) If the Fiscal Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the Office of the Fiscal Agent for any cause, the Governmental Lender shall promptly appoint a successor Fiscal Agent, with the consent of the Funding Lender, which consent shall not be unreasonably withheld. In case all or substantially all of the Pledged Revenues and Security shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Fiscal Agent shall be so appointed by the Governmental Lender. If, within 60 days after such resignation, removal or incapability or the occurrence of such vacancy, the Governmental Lender has failed to so appoint a successor Fiscal Agent, then a successor Fiscal Agent shall be appointed by the Funding Lender (from any of the institutions approved by the Governmental Lender to serve as a fiscal agent or trustee) with Written Notice thereof delivered to the Governmental Lender, the Borrower, the Servicer, if any, and the retiring Fiscal Agent, and the successor Fiscal Agent so appointed shall, forthwith upon its acceptance of such appointment, become the successor Fiscal Agent and supersede the successor Fiscal Agent appointed by such receiver or Fiscal Agent. If no successor Fiscal Agent shall have been appointed by the Governmental Lender or the Funding Lender and accepted appointment in the manner hereinafter provided, the Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

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

Section 11.11. Acceptance of Appointment by Successor.

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

Fiscal Agent, and shall duly assign, transfer and deliver to such successor Fiscal Agent all property and money held by such retiring Fiscal Agent hereunder. Upon request of any such successor Fiscal Agent, the Governmental Lender shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Fiscal Agent all such estates, properties, rights and powers.

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

Section 11.12. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Fiscal Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Fiscal Agent, shall be the successor of the Fiscal Agent hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notwithstanding the foregoing, any such successor Fiscal Agent shall cause Written Notice of such succession to be delivered to the Funding Lender and the Governmental Lender within 30 days of such succession.

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

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

Should any instrument in writing from the Governmental Lender be required by the separate fiscal agent or co-fiscal agent appointed by the Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, duties and obligations, any and all such instruments in writing shall, on request of the Fiscal Agent, be executed,

acknowledged and delivered by the Governmental Lender. In case any separate fiscal agent or co-fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, duties and obligations of such separate fiscal agent or co-fiscal agent, so far as permitted by law, shall vest in and be exercised by the Fiscal Agent until the appointment of a successor to such separate fiscal agent or co-fiscal agent.

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

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

ARTICLE XII

MISCELLANEOUS

Section 12.1. Notices. 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:	Housing Authority of the City of San Diego 1122 Broadway, Suite 300 San Diego, California 92121 Attention: Vice President of Multifamily Housing Finance
If to Borrower:	Hillcrest Hall LP 122 East 42nd Street, Suite 1903 New York, New York 10168 Attention: Paul A. Salib
With a copy to:	Hobson Bernardino + Davis LLP 600 Corporate Pointe, Suite 215 Culver City, California 90230 Attn: Jason A. Hobson, Esq.
With a copy to:	[_____]

With a copy to:	[_____]
If to Equity Investor:	[RSEP Holding, LLC] c/o Red Stone Equity Partners, LLC 90 Park Avenue, 28th Floor New York, New York 10016 Attention: General Counsel (which copy shall not constitute notice to Borrower)
With a copy to:	Bocarsly Emden Cowan Esmail & Arndt LLP 633 West Fifth Street, Suite 5880 Los Angeles, California 90071 Attention: Daryll Kidd E-Mail Address: dkidd@bocarsly.com
If to the Funding Lender:	Citibank, N.A. 388 Greenwich Street, Trading 4th Floor New York, NY 10013 Attention: Transaction Management Group Re: Hillcrest Hall Deal ID No. 50016002 Facsimile: (212) 723-8209
With a copy to:	Citibank, N.A. Transaction and Asset Management Group/Post Closing Citi Community Capital 3800 Citibank Center Tampa, Florida 33610 Re: Hillcrest Hall Deal ID No. 50016002
And if prior to the Conversion Date, with a copy to:	Citibank, N.A. 388 Greenwich Street, Trading 4th Floor New York, NY 10013 Attention: Account Specialist Re: Hillcrest Hall Deal ID No. 50016002 Facsimile: (212) 723-8209
Following the Conversion Date, with a copy to:	Citibank, N.A. c/o Berkadia Commercial Servicing Department 323 Norristown Road, Suite 300 Ambler, PA 19002 Attention: Client Relations Manager Re: Hillcrest Hall

	Deal ID No. 50016002 Facsimile: (215) 328-0305
And a copy of any notices of default sent to:	Citibank, N.A. 388 Greenwich Street, 17th Floor New York, NY 10013 Attention: General Counsel's Office Re: Hillcrest Hall Deal ID No. 50016002 Facsimile: (646) 291-5754

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

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

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

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

Section 12.4. Legal Holidays. In any case in which the date of payment of any amount due hereunder or the date on which any other act is to be performed pursuant to this Funding Loan Agreement shall be a day that is not a Business Day, then payment of such amount or such act need not be made on such date but may be made on the next succeeding Business Day, and such

later payment or such act shall have the same force and effect as if made on the date of payment or the date fixed for prepayment or the date fixed for such act, and no additional interest shall accrue for the period after such date and prior to the date of payment.

Section 12.5. Governing Law. This Funding Loan Agreement and the Governmental Lender Note shall be governed by and shall be enforceable in accordance with the laws of the State.

Section 12.6. Severability. If any provision of this Funding Loan Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Governmental Lender Note or in this Funding Loan Agreement shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Governmental Lender or the Funding Lender only to the full extent permitted by law.

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

Section 12.8. Nonrecourse Obligation of the Borrower. Except as otherwise provided in the Borrower Loan Agreement, any obligations of the Borrower under this Funding Loan Agreement are without recourse to the Borrower or to the Borrower's partners or members, as the case may be, and the provisions of Section 11.1 of the Borrower Loan Agreement are by this reference incorporated herein.

Section 12.9. Waiver of Trial by Jury. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF THE BORROWER, THE GOVERNMENTAL LENDER AND THE FUNDING LENDER (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS FUNDING LOAN AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL. IF FOR ANY REASON THIS WAIVER IS DETERMINED TO BE UNENFORCEABLE, ALL DISPUTES WILL BE RESOLVED BY JUDICIAL REFERENCE PURSUANT TO THE PROCEDURES SET FORTH IN THE SECURITY INSTRUMENT.

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

requested by Funding Lender shall be delivered to the Funding Lender in connection with the closing of the transactions described herein.

IN WITNESS WHEREOF, the Funding Lender, the Fiscal Agent 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.

CITIBANK, N.A.,
a national banking association

By: _____
[Name]
[Title]
Deal ID No. 50016002

[Signature Page – Funding Loan Agreement – Hillcrest Hall]

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____
Authorized Signatory

[Signature Page – Funding Loan Agreement – Hillcrest Hall]

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

By: _____
Authorized Signatory

[Signature Page – Funding Loan Agreement – Hillcrest Hall]

EXHIBIT A

FORM OF GOVERNMENTAL LENDER NOTE

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.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE NOTE
(HILLCREST HALL) 20[__] SERIES [_]

Dated [Funding Date]

$[Par Amount]

FOR VALUE RECEIVED, the undersigned HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("Obligor") promises to pay to the order of CITIBANK, N.A. (together with its successors and assigns, "Holder") the maximum principal sum of [PAR AMOUNT WRITTEN OUT] Dollars ($[Par Amount]), on [_____], 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 [Funding Date] (the "Funding Loan Agreement"), between Obligor, U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent") and Holder, an amount in immediately available funds sufficient to pay the principal amount of and Prepayment Premium, if any, on this Governmental Lender Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts derived from proceeds of the Borrower Loan, condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on 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 applicable to this Governmental Lender Note 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 Funding Loan is payable interest on the unpaid balance hereof in an amount in immediately available funds sufficient to pay the interest on 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 (this "Governmental Lender Note") are pass-through obligations relating to a construction and permanent loan (the "Borrower Loan") made by Obligor from proceeds of the Funding Loan to Hillcrest Hall LP, a California limited partnership, as borrower (the "Borrower"), under that certain Borrower Loan Agreement, dated as of [Funding Date] (as the same may be modified, amended or supplemented from time to time, the "Borrower Loan Agreement"), between the Obligor and the Borrower. The portion of the Borrower Loan related to this Governmental Lender Note is evidenced by the Borrower Note (as defined in the Borrower Loan Agreement). Reference is made to the Borrower Loan Agreement and to the Borrower Note for complete payment and prepayment terms of the Borrower Note, payments on which are passed-through under this Governmental Lender Note.

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 City of San Diego or 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 provided in the Funding Loan Agreement. If by the terms of this Governmental Lender Note or of the Funding Loan Agreement, Obligor is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

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

THE FISCAL AGENT IS PROHIBITED FROM REGISTERING THE OWNERSHIP OR TRANSFER OF OWNERSHIP OF THIS GOVERNMENTAL LENDER NOTE TO ANY PERSON WITHOUT MEETING THE REQUIREMENTS SET FORTH IN THE FUNDING LOAN AGREEMENT DESCRIBED HEREIN, INCLUDING, IN CERTAIN INSTANCES, DELIVERY OF AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE FUNDING LOAN AGREEMENT.

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 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.

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

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

OBLIGOR:

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____
Authorized Signatory

[Signature page to Governmental Lender Note – Hillcrest Hall]

FORM OF CERTIFICATE OF AUTHENTICATION

(Fiscal Agent)

This is to certify that this Governmental Lender Note is such Governmental Lender Note referred to in the within mentioned Funding Loan Agreement.

Date of Authentication: _____

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

By:_____
Authorized Signatory

EXHIBIT B

FORM OF REQUIRED TRANSFEREE REPRESENTATIONS

[Funding Date]

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 $[Par Amount] from CITIBANK, N.A. (the "Funding Lender") to the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO (the "Governmental Lender") pursuant to a Funding Loan Agreement dated as of [Funding Date] (the "Funding Loan Agreement") among the Funding Lender, U.S. Bank Trust Company, National Association, as Fiscal Agent (the "Fiscal Agent") and the Governmental Lender (the "Funding Loan") evidenced by the Housing Authority of the City of San Diego Multifamily Housing Revenue Note (Hillcrest Hall) 20[__] Series [_] (the "Governmental Lender Note"), or an interest therein, hereby represents that:

1. The Holder has sufficient knowledge and experience in financial and business matters with respect to the evaluation of residential real estate developments such as the Project to be able to evaluate the risk and merits of the investment represented by the Funding Loan. 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 Note 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 Note 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 Note, nor has it looked to, nor expected, the Governmental Lender to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the financing or management thereof), or any other matter pertaining to the merits or risks of the transactions contemplated by the Funding Loan Agreement and the Borrower Loan Agreement, or the adequacy of the funds pledged to the Funding Lender to secure repayment of the Governmental Lender Note.

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

4. The Holder acknowledges that it is purchasing [an interest in] the Funding Loan and the Governmental Lender Note for investment for its own account and not with a present view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Governmental Lender Note and the Funding Loan; provided,

however, that the Holder may sell or transfer the Governmental Lender Note and the Funding Loan as provided in Section 2.6 of the Funding Loan Agreement. The Holder agrees to and shall indemnify, hold harmless and defend the Governmental Lender, its officers, members, directors, officials and employees, and each of them, against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to its transfer of the Governmental Lender Note, any interest in the Governmental Lender Note and the Funding Loan, or any interest in the Funding Loan in violation of Section 2.6 of the Funding Loan Agreement. In the event any placement memorandum to be provided to any subsequent buyer or beneficial owner of such portion of the Funding Loan and the Governmental Lender Note will disclose information with respect to the Governmental Lender other than its name, location and type of political subdivision and general information with respect to the Funding Loan and the Governmental Lender Note and the 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).

5. The Holder understands that the Funding Loan and the Governmental Lender Note are limited obligations 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 and the Governmental Lender Note are expressly limited as set forth in the Funding Loan Agreement and related documents.

6. 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 – Hillcrest Hall]

LOAN AGREEMENT

between

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO,
as Issuer

and

HILLCREST HALL LP,
a California limited partnership,
as Borrower

Dated as of [_____] 1, 2026

relating to:

$[TAXABLE PAR]
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-2 (Taxable)

All of the right, title and interest of the Housing Authority of the City of San Diego in and to this Agreement (except for the Reserved Rights) are being assigned to U.S. Bank Trust Company, National Association, as Trustee, as security for the above-referenced bonds pursuant to the Trust Indenture dated as of [June] 1, 2026 (the "Indenture").

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement") made and entered into as of [_____] 1, 2026, is among the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO (together with its successors and assigns, the "Issuer"), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State"), created pursuant to Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "Act"), and HILLCREST HALL LP, a California limited partnership (the "Borrower"), under the following circumstances summarized in the following recitals (the capitalized terms not defined in the recitals being used therein as defined in Article I hereof).

RECITALS:

A. A. The Issuer has been duly created and organized pursuant to and in accordance with the provisions of the Act. The Issuer is authorized by the Act to issue one or more series of its revenue bonds and loan the proceeds thereof to finance, among other things, the acquisition, construction and development of multifamily rental housing for persons and families of low or moderate income.

B. Pursuant to the Act and as more fully set forth in that certain Trust Indenture, dated as of [_____] 1, 2026 (the "Indenture"), by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), the Issuer has determined to issue its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) in the aggregate principal amount of $[TAXABLE PAR] (the "Bonds"), and to lend proceeds of the Bonds to the Borrower pursuant to and in accordance with the terms and conditions of this Agreement and the other Financing Documents.

C. Concurrently herewith, the Issuer will issue and sell its $18,200,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) (the "Tax-Exempt Bonds"), and use the proceeds thereof to make a loan to the Borrower, upon the terms and conditions of a Trust Indenture dated the date hereof, between the Issuer and the Trustee, and a Loan Agreement dated as of the date hereof, between the Issuer and the Borrower, for purposes of funding a portion of the costs of the Project.

D. To provide and secure amounts to repay to the Issuer the Loan from the Bond proceeds and to obtain disbursements thereof, the Borrower will cause Eligible Funds to be made available to the Trustee, including from funds provided by the Lender.

E. The Issuer and the Borrower each have full right and lawful authority to enter into this Agreement and to perform and observe the provisions hereof on their respective parts to be performed and observed.

F. The parties to this Agreement acknowledge the matters set forth in the Recitals to the Indenture.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the mutual representations and agreements hereinafter contained, the Issuer and the Borrower agree as follows (provided that any obligation of the Issuer created by or arising out of this Agreement shall never constitute a general debt of the Issuer or give rise to any pecuniary liability of the Issuer but shall be payable solely out of the Trust Estate):

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.1. Use of Defined Terms.

In addition to the words and terms defined elsewhere in this Agreement, the words and terms in this Agreement shall have the meanings set forth in the Trust Indenture, dated as of [_____] 1, 2026 (the "Indenture"), by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

Section 1.2. Interpretation.

Any reference herein to the Issuer or to any member, director, officer or employee of either includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions.

Any reference to a section or provision of the Constitution of the State or the Act, or to a section, provision or chapter of any statute of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this provision, if it constitutes in any way an impairment of the rights or obligations of the Issuer, the Holders, the Trustee or the Borrower under this Agreement.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; the terms "hereof," "hereby," "herein," "hereto," "hereunder" and similar terms refer to this Agreement; and the term "hereafter" means after, and the term "heretofore" means before, the date of delivery of the Bonds. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise.

Section 1.3. Captions and Headings.

The captions and headings in this Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations of the Issuer.

The Issuer represents that:

(a) It is a public body, corporate and politic, duly organized and validly existing under the laws of the State;

(b) It has duly accomplished all conditions necessary to be accomplished by it under the Act prior to the issuance and delivery of the Bonds and the execution and delivery of this Agreement, the Indenture, and the Regulatory Agreement;

(c) To its best knowledge, it is not in violation of or in conflict with any provisions of the laws of the State that would impair its ability to carry out its obligations contained in this Agreement, the Indenture, and the Regulatory Agreement;

(d) It has the legal right and is empowered to enter into the transactions contemplated by this Agreement, the Indenture, and the Regulatory Agreement;

(e) It has duly authorized the execution, delivery and performance by it of this Agreement, the Indenture, and the Regulatory Agreement; and

(f) It will do all things in its power in order to maintain its existence or assure the assumption of its obligations under this Agreement, the Indenture, and the Regulatory Agreement by any successor public body.

Section 2.2. Representations and Covenants of the Borrower.

The Borrower represents and covenants that:

(a) The Borrower (i) is a limited partnership duly formed and in full force and effect under the laws of the State, (ii) based on that certain Certificate of Existence issued by the Secretary of State of the State, validly existing and duly qualified to transact business in the State, (iii) is not in violation of any provision of any applicable Organizational Documents and (iv) is authorized to own and operate the Project in the State.

(b) It has full power and authority to execute, deliver and perform the Borrower Documents and to enter into and carry out the transactions contemplated by those documents. The execution, delivery and performance of the Borrower Documents do not, and will not, violate any provision of law applicable to the Borrower and do not, and will not, conflict with or result in a default in any material respect under any agreement or instrument to which the Borrower is a party or by which it is bound. The Borrower Documents have, by proper action, been duly authorized, executed and delivered by the Borrower and all steps necessary have been taken to

constitute the Borrower Documents valid and binding obligations of the Borrower, enforceable in accordance with their terms except as may be limited by laws relating to bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting creditors' rights.

(c) The Managing General Partner, the Administrative General Partners and the Investor Limited Partner as identified in the Borrower's Organizational Documents, comprise all of the partners of the Borrower. The Borrower does not currently operate or conduct any business except as related to the financing, ownership, operation and construction of the Project. The Borrower has no material assets or property other than its anticipated interest in the Project.

(d) The Managing General Partner is duly organized and in full force and effect under the laws of the State and has the requisite legal authority to become and to act as the Managing General Partner of the Borrower. Each Administrative General Partner is duly organized and in full force and effect under the laws of the State and has the requisite legal authority to become and to act as the Administrative General Partner of the Borrower.

(e) The provision of financial assistance to be made available to it under this Agreement and the commitments therefor made by the Issuer have induced the Borrower to undertake the transactions contemplated by this Agreement.

(f) The Borrower will use and operate the Project in a manner consistent with the Act and in accordance with the Regulatory Agreement for as long as required by the Act and the Code and knows of no reason why the Project will not be so operated. If, in the future, there is a cessation of that operation, it will use its best efforts to resume that operation or accomplish an alternate use by the Borrower or others approved by the Issuer which will be consistent with the Act, the Code and the Regulatory Agreement.

(g) The Project will be completed in accordance with the Plans and Specifications and the portion of the Project funded with the proceeds of the Bonds will constitute a qualified residential rental project within the meaning of Section 142(d) of the Code and will be operated and maintained in such manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other applicable Governmental regulations and as to be consistent with the Act.

(h) The Project will be located entirely within the City of San Diego, California.

(i) The Borrower has obtained or will obtain all consents, approvals, permits, authorizations and orders of any governmental or regulatory agency that are required to be obtained by the Borrower as a condition precedent to the issuance of the Bonds, the execution and delivery of the Borrower Documents or the performance by the Borrower of its obligations thereunder, or that were or are required for the construction and/or operation of the Project.

(j) No litigation at law or in equity or proceeding before any governmental agency involving the Borrower is pending or, to the best of its knowledge, threatened in which any liability of the Borrower is not adequately covered by insurance or in which any judgment or order would have a material adverse effect upon the business or assets of the Borrower or that

would affect its existence or authority to do business, the construction, equipping or operation of the Project, the validity of any Borrower Documents or the performance of its obligations thereunder.

(k) The Borrower is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in material default under any instrument under and subject to which any indebtedness has been incurred, and no event has occurred and is continuing that, under the provisions of any such agreement, with the lapse of time or the giving of notice, or both, would constitute an event of default by the Borrower thereunder.

(l) The Borrower is not in default under or in violation of, and the execution, delivery and compliance by the Borrower with the terms and conditions of the Borrower Documents do not and will not conflict with or constitute or result in a default by the Borrower in any material respect under or violate, (i) the Borrower's organizational documents, (ii) any agreement or other instrument to which the Borrower is a party or by which it or its assets are bound, or (iii) to the best of its knowledge, any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Borrower or its property, and no event has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(m) The Borrower has received and reviewed a copy of the Indenture and approves the terms and conditions thereof and agrees to the terms thereof, including, without limitation, Sections 4.10 and 5.02(r) of the Indenture.

(n) The Borrower has filed or caused to be filed all federal, state and local tax returns that are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(o) Neither the Borrower nor any related Person thereto shall acquire any Bonds in any amount.

(p) The Borrower has or will have fee interest in the real property and has or will have good and marketable fee interest in the improvements upon the land constituting the site of the Project on the Closing Date. There are no liens or encumbrances against such property other than Permitted Liens.

(q) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project; and that it has not relied on the Issuer or its counsel for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement and the Indenture or otherwise relied on the Issuer or its counsel in any manner.

(r) The Project is, as of the Closing Date, in compliance with all applicable requirements of the Regulatory Agreement, including all applicable requirements of the Act and Code. The Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code. All current leases comply, and all future residential leases will comply, with all applicable laws and the Regulatory Agreement. The Project meets the requirements of this Agreement, the Regulatory Agreement, the Act and the Code with respect to multifamily rental housing.

(s) [Reserved].

(t) [Reserved].

(u) [Reserved].

(v) [Reserved].

(w) [Reserved].

(x) The Borrower intends to hold the Project for its own account and has no current plans to sell and has not entered into any agreement to sell all or any portion of the Project.

(y) [Reserved].

(z) All material information provided by the Borrower to the Issuer concerning the Project and the Borrower was and is on the date of execution of this Agreement true and correct.

The Borrower acknowledges that the representations and covenants herein made by the Borrower have been expressly and specifically relied upon by the Issuer in determining to make the Loan to the Borrower and the Loan would not have been made but for such representations and covenants. All material information provided by the Borrower to the Issuer concerning the Project and the Borrower was and is on the date of execution of this Agreement true and correct.

ARTICLE III

PLAN OF FINANCING

Section 3.1. Issuance of Bonds; Application of Proceeds.

To provide funds to finance the Loan for purposes of assisting the Borrower in paying Project Costs, the Issuer shall simultaneously with the execution and delivery hereof proceed with the issuance and delivery of the Bonds upon receipt by the Trustee of the items listed in Section 2.11 of the Indenture. The Issuer agrees to deposit the proceeds of sale of the Bonds in accordance with the Indenture.

The Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will mature and will be subject to redemption, mandatory tender and remarketing as set forth therein. The Borrower hereby approves the terms and conditions of the Indenture and the Bonds, and the terms and conditions under which the Bonds will be issued, sold and delivered and will comply with those provisions of the Indenture that contemplate action by the Borrower, all as if the Borrower were a party to the Indenture.

Pending disbursement pursuant to Section 3.6 hereof, the proceeds of the Bonds deposited in the Project Fund, together with any investment earnings thereon, shall constitute a part of the Revenues assigned by the Issuer to the Trustee as security for the payment of Bond Service Charges as provided in the Indenture.

Section 3.2. The Loan.

The Issuer agrees, upon the terms and conditions herein, to make the Loan to the Borrower with proceeds received by the Issuer from the sale of the Bonds by causing such proceeds to be deposited with the Trustee for disposition as provided in the Indenture. The obligation of the Issuer to finance the Loan shall be deemed fully discharged upon the deposit of the proceeds of the Bonds with the Trustee. The Loan shall be evidenced by the Note payable to the Trustee.

Section 3.3. Mortgage Loan to Borrower.

To provide and secure funds for the repayment of the Loan, and to provide for the delivery of the Eligible Funds, the Borrower shall simultaneously with the execution and delivery hereof, proceed with obtaining the Mortgage Loan and entering into the Mortgage Loan Documents. In particular, the Borrower will promptly take all necessary actions on its part to close the Mortgage Loan and satisfy all other terms and conditions of the Mortgage Loan Documents and the requirements of the Lender. The Mortgage Loan will be secured on a non-recourse basis pursuant to the Mortgage Loan Documents.

In connection with the Mortgage Loan, the Borrower shall execute and deliver such documents as may be customarily utilized for mortgage loans, with such omissions, insertions and variations as may be permitted by the Lender, and as may be consistent with the terms and provisions of this Agreement.

Section 3.4. Construction, Equipment and Improvement.

The Borrower (a) has acquired a fee interest or is in the process of acquiring a fee interest in the Project site and shall construct, improve and equip the Project with all reasonable dispatch and in accordance with the Plans and Specifications, (b) shall pay when due all fees, costs and expenses incurred in connection with that construction, equipment and improvement from funds made available therefor in accordance with this Agreement or otherwise, except to the extent being contested in good faith, and (c) shall ask, demand, sue for, levy, recover and receive all those sums of money, debts and other demands whatsoever which may be due, owing and payable under the terms of any contract, order, receipt, writing and instruction in connection with the construction, improvement and equipping of the Project, and shall enforce the provisions of any

contract, agreement, obligation, bond or other performance security with respect thereto. It is understood that the Project is that of the Borrower and any contracts made by the Borrower with respect thereto, whether acquisition contracts, construction contracts or otherwise, or any work to be done by the Borrower on the Project are made or done by the Borrower in its own behalf and not as agent or contractor for the Issuer. The Borrower agrees that it will compensate all workers employed in the construction, improvement and equipping of the Project as required by law.

Section 3.5. Plans and Specifications.

The Plans and Specifications have been filed with the Issuer and the Trustee; provided that the Trustee shall have no duty to review such Plans and Specifications and shall hold them solely as a repository for the Holders. The Borrower may revise the Plans and Specifications from time to time, provided that no revision shall be made which would change the purpose of the Project to other than purposes permitted by the Act and the Regulatory Agreement. The sources and uses contemplated by the plan of financing for the Project are set forth in Exhibit D hereto. Prior to the execution and delivery of this Agreement, the Borrower has provided to the Issuer evidence acceptable to the Issuer, in its reasonable discretion, of the availability of all financing contemplated by the plan of financing for the Project including, without limitation (and without regard to whether the immediate availability of such financing is a condition to undertaking the Project), the equity portion of the financing and all other public and private financing and any interim or bridge financing to be provided in anticipation of the closing of any of the foregoing aspects of the financing therefor. Any material changes in the plan of financing or to any information contained in Exhibit D hereto shall be communicated promptly to the Issuer and copies of all documents evidencing that financing, and the security therefor, shall be provided to the Issuer upon the Issuer's request.

No material revision of the Plans and Specifications shall be made unless the Borrower has first delivered to the Issuer and the Trustee a narrative description of the proposed revision accompanied by a certificate of the Authorized Borrower Representative certifying the change in Project Costs resulting from the revision and that the moneys then on deposit in the Project Fund together with investment earnings thereon at the rate of return stated in the certificate together with other identified available moneys will be sufficient to pay in full the Project Costs including the change in Project Costs resulting from such revision.

Section 3.6. Disbursements from the Project Fund.

Subject to the provisions below and so long as no Event of Default hereunder has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to Section 7.2 hereof and Section 6.03 of the Indenture, disbursements from the Project Fund shall be made only to pay any of the following Project Costs:

(a) Costs incurred directly or indirectly for or in connection with the construction, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal,

engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the construction period with respect to the Project.

(c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the construction period.

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.

(e) Costs of Issuance of the Bonds, including, financial, legal, accounting, cash flow verification, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including, without limitation, the fees and expenses of the Trustee (including attorney's fees and expenses) properly incurred under the Indenture that may become due and payable during the construction period.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of construction, improvement and equipping of the Project.

(g) Payment of interest on the Bonds and other Project-related indebtedness during the construction period.

Any disbursements from the Project Fund for the payment of Project Costs shall be made by the Trustee only upon the receipt by the Trustee of: (a) a disbursement request in the form attached hereto as Exhibit B, on which the Trustee may conclusively rely; and (b) Eligible Funds in an amount equal to the amount of any such disbursement request for deposit in the Collateral Fund as provided in Section 4.2 hereof. The Borrower hereby acknowledges and agrees that it shall submit disbursement requests to the Trustee no more frequently than twice each calendar month. Proceeds of the Bonds disbursed pursuant to the provisions of this Agreement may only be used to pay Project Costs.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Project Costs, at the direction of the Authorized Borrower Representative, promptly shall be paid into the Bond Fund for payment of Bond Service Charges.

Notwithstanding any provision of this Agreement or any provision of the Indenture to the contrary, the Trustee shall not disburse funds from the Project Fund unless and until the Trustee confirms that Eligible Funds in the Collateral Fund plus Eligible Funds in the Project Fund, less the amount of the requested disbursement from the Project Fund, is at least equal to then-outstanding principal amount of the Bonds, together with any original issue premium deposited therein pursuant to Section 4.02(a) of the Indenture; provided, however, the Trustee shall be permitted to transfer funds from the Project Fund to the Collateral Fund upon the direction of the

Borrower in the form set forth on Exhibit B hereto, provided that the result of such transfer is that the amount of Eligible Funds remaining on deposit in the Project Fund plus Eligible Funds on deposit in the Collateral Fund is at least equal to then outstanding principal amount of the Bonds, together with any original issue premium deposited therein pursuant to Section 4.02(a) of the Indenture.

Section 3.7. Delivery of Eligible Funds.

The Lender shall deliver to the Trustee Eligible Funds in conjunction with all or a portion of the advances under the Mortgage Loan in connection with, and as a condition to, disbursement of an equal amount of Bond proceeds from the Project Fund to pay Project Costs pursuant to and consistent with Sections 3.6 and 4.2 hereof and Sections 4.04 and 4.06 of the Indenture.

Section 3.8. Borrower Required to Pay Costs in Event Project Fund Insufficient.

If money in the Project Fund is not sufficient to pay all Project Costs, the Borrower, nonetheless, will complete the Project in accordance with the Plans and Specifications and shall pay all such additional Project Costs from its own funds. The Borrower shall pay all Costs of Issuance of the Bonds in excess of the amounts deposited in the Costs of Issuance Fund. The Borrower shall not be entitled to any reimbursement for any such additional Project Costs or payment of Costs of Issuance from the Issuer, the Trustee or any Holder; nor shall it be entitled to any abatement, diminution or postponement of any Loan Payments or other amounts to be paid under this Agreement.

Section 3.9. Completion Date.

The Borrower shall notify the Issuer and the Trustee of the Completion Date by the delivery of a Completion Certificate signed by the Authorized Borrower Representative substantially in the form of Exhibit C attached hereto. The Completion Certificate shall be delivered as promptly as practicable after the occurrence of the events and conditions referred to in paragraphs (a) and (b) of the Completion Certificate.

Section 3.10. Remarketing of Bonds.

The Authorized Borrower Representative, with the written consent of the Remarketing Agent is hereby granted the right to (a) request a remarketing of the Bonds in the manner and to the extent set forth in Section 3.07 of the Indenture and (ii) designate the length of the Remarketing Period and the related Mandatory Tender Date in the manner and to the extent set forth in Sections 3.05 and 3.07 of the Indenture.

Section 3.11. Investment of Fund Money.

At the written request of the Authorized Borrower Representative, any money held as part of the Special Funds shall be invested or reinvested by the Trustee in Eligible Investments as provided in the Indenture.

The Borrower shall provide the Issuer with a certificate of an Authorized Borrower Representative for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the Borrower on the date of delivery of and payment for the Bonds regarding the amount and use of the proceeds of the Bonds and the facts, estimates and circumstances on which those expectations are based.

The Borrower acknowledges that regulations of the Comptroller of the Currency grant the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the Borrower hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur.

Section 3.12. [Reserved].

ARTICLE IV

LOAN PAYMENTS; ELIGIBLE FUNDS AND ADDITIONAL PAYMENTS

Section 4.1. Loan Repayment; Delivery of Note.

In consideration of and in repayment of the Loan, the Borrower shall deliver or cause to be delivered to the Trustee on or before each Bond Payment Date, a Loan Payment in an amount equal to the amount necessary to pay Bond Service Charges due on such Bond Payment Date. All such Loan Payments shall be paid to the Trustee in accordance with the terms of the Note for the account of the Issuer and shall be held and disbursed in accordance with the provisions of the Indenture and this Agreement.

The Borrower shall be entitled to a credit against the Loan Payments required to be made with respect to the Bonds on any date equal to the available money in the Bond Fund or transferred thereto from the Collateral Fund or the Project Fund for the payment of Bond Service Charges on that date.

To secure the Borrower's performance of its obligations under this Agreement, the Borrower shall execute and deliver, concurrently with the issuance and delivery of the Bonds, the Note and the Regulatory Agreement.

So long as no Event of Default has occurred and is subsisting hereunder, payments by the Borrower on the Note shall be used by the Trustee to make a like payment of Bond Service Charges and shall constitute Loan Payments.

Upon payment in full, in accordance with the Indenture, of the Bond Service Charges on any or all Bonds, whether at maturity or otherwise, or upon provision for the payment thereof having been made in accordance with the provisions of the Indenture, (a) the Note shall be deemed fully paid, the obligations of the Borrower thereunder shall be terminated, and the Note shall be surrendered by the Trustee to the Borrower, and shall be canceled by the Borrower, or (b) an appropriate notation shall be endorsed thereon evidencing the date and amount of the principal payment (or prepayment) equal to the Bonds so paid, or with respect to which provision

for payment has been made, and that Note shall be surrendered by the Trustee to the Borrower for cancellation if all Bonds shall have been paid (or provision made therefor) and canceled as aforesaid. Unless the Borrower is entitled to a credit under express terms of this Agreement or the Note, all payments on the Note shall be in the full amount required thereunder.

Section 4.2. Eligible Funds.

In consideration of and as a condition to the disbursement of Bond proceeds in the Project Fund to pay Project Costs, and to secure the Borrower's obligation to make Loan Payments, the Borrower shall cause the delivery of Eligible Funds equal to the amount of the proposed disbursement to the Trustee on or before each such disbursement. All such Eligible Funds shall be paid to the Trustee for the account of the Issuer and shall be held in the Collateral Fund and disbursed in accordance with the provisions of the Indenture.

Section 4.3. Bond Fund and Collateral Fund.

The Borrower and the Issuer each acknowledge that neither the Borrower nor the Issuer has any interest in the Bond Fund or the Collateral Fund and any money deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Holders.

Section 4.4. Additional Payments.

The Borrower shall pay as Additional Payments hereunder the following:

(a) Whether out of the proceeds of the Mortgage Loan to the Borrower, or other funds, all Costs of Issuance of the Bonds, the costs of closing the Mortgage Loan and all expenses incurred in closing the Mortgage Loan.

(b) All Extension Payments and other sums required under Section 3.07 of the Indenture in order to revise or extend the Mandatory Tender Date or remarket the Bonds, and the Borrower further agrees to execute any and all certificates required by the Issuer, the Trustee or the Remarketing Agent in order to effectuate such revision, extension or remarketing.

(c) To the Trustee, (i) the Ordinary Trustee Fees and Expenses to the extent that the funds available in the Expense Fund under the Indenture for the payment thereof are not sufficient and available therefor and (ii) the Extraordinary Trustee Fees and Expenses.

(d) To the Issuer (i) the Issuer Fee to the extent that the funds available under the Indenture for the payment thereof are not sufficient and available therefor and (ii) the Extraordinary Issuer's Fees and Expenses.

(e) All costs of printing any replacement Bonds required to be issued under the Indenture to the extent such costs are not paid by the Holders.

(f) [Reserved].

(g) To the Dissemination Agent, the Dissemination Agent Fee, as well as any other costs, suits, judgments, losses, damages and expenses in order to provide for compliance with the terms of the Continuing Disclosure Agreement, to the extent funds available in the Expense Fund under the Indenture are not sufficient and applied therefor.

(h) To the Remarketing Agent, the Remarketing Agent Fee and any Remarketing Expenses.

In the event the Borrower is in default under any provision of any of the Borrower Documents and such default is not cured after expiration of all applicable notice and cure provisions, the Borrower shall be liable to, and upon demand shall pay to, the Trustee, the Issuer and the Lender all fees and disbursements of such persons and their agents (including attorney's fees and expenses) which are reasonably connected therewith or incidental thereto except to the extent such fees and disbursements are paid from money available therefor under the Indenture.

To provide for certain of the anticipated Additional Payments, if any, the Borrower agrees to cause to be deposited into the Expense Fund and the Costs of Issuance Fund as required under the Indenture, and authorizes the Trustee to pay, from money on deposit in the Costs of Issuance Fund and the Expense Fund, the amounts provided to be paid from the Costs of Issuance Fund or the Expense Fund in accordance with Sections 4.05 and 4.08, respectively, of the Indenture. All such amounts shall be paid directly to the parties entitled thereto for their own account as and when such amounts become due and payable.

Upon the payment, prepayment, or incurrence of any such cost, expense, or liability described in this Section by any such party, the Additional Payments in respect thereof shall be payable by the Borrower upon written demand to the Borrower, which demand shall be accompanied by invoices or other reasonable documentation concerning the nature, amount and incurrence of such cost, expense or liability. If the Additional Payments payable under this Section are not paid upon such demand, such Additional Payments shall bear interest from the date of such payment or the incurrence thereof at the Interest Rate for Advances until the amount due shall have been fully paid.

Except as otherwise provided herein, the obligations of the Borrower under this Section shall survive the termination of this Agreement and the payment and performance of all of the other obligations of the Borrower hereunder and under the other Borrower Documents, unless and until the Borrower has transferred the Project to an unaffiliated entity with the prior written consent of the Issuer, which transferee assumes the obligations of the Borrower pursuant to this Section.

Section 4.5. Place of Payments.

The Borrower shall make or cause to be made all Loan Payments directly to the Trustee at its Designated Office. The Borrower shall direct the Lender to make its payments of Eligible Funds directly to the Trustee at its Designated Office. Additional Payments shall be made by the Borrower directly to the person or entity to whom or to which they are due.

Section 4.6. Obligations Unconditional.

The obligations of the Borrower to make Loan Payments, Additional Payments and any payments required of the Borrower under Sections 4.08 and 4.09 of the Indenture shall be absolute and unconditional, and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other Person; provided that the Borrower may contest or dispute the amount of any such obligation arising under Section 4.08 of the Indenture so long as such dispute or contest does not result in an Event of Default under the Indenture.

Section 4.7. Assignment of Agreement and Revenues; Trustee is Third Party Beneficiary.

To secure the payment of Bond Service Charges, the Issuer shall assign to the Trustee, by the Indenture, its rights under and interest in this Agreement (except for the Reserved Rights). The Borrower hereby agrees and consents to those assignments. The Issuer shall not attempt to further assign, transfer or convey its interest in the Revenues or this Agreement or create any pledge or lien of any form or nature with respect to the Revenues, Loan Payments or deposits of Eligible Funds hereunder.

The Trustee shall be a third party beneficiary to this Agreement.

ARTICLE V

ADDITIONAL AGREEMENTS AND COVENANTS

Section 5.1. Right of Inspection.

At all reasonable times and upon reasonable notice and subject to the rights of tenants, the Borrower shall allow any duly authorized representative of the Issuer or the Trustee to visit and inspect the Project, to examine and make copies of and from its books of record and account, and to discuss its affairs, finances, and accounts with its officers, and shall furnish to the Issuer and the Trustee any information reasonably required regarding its business affairs and financial condition within a reasonable time after receipt of written request therefor.

Section 5.2. Borrower to Maintain its Existence; Sale of Project.

The Borrower shall maintain its existence, not dissolve or sell, transfer or otherwise dispose of all or substantially all of its assets and not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it; provided, that it may do so, with the prior written consent of the Issuer, if the surviving, resulting or transferee entity assumes in writing all of the obligations of the Borrower under the Borrower Documents. The Borrower shall not permit one or more other entities to consolidate with or merge into it, or take any action or allow any action to be taken to terminate the existence of the Borrower except as provided herein. To the extent permitted by, and subject to the terms and conditions set forth in,

the Regulatory Agreement, nothing herein contained shall limit the rights of (i) any direct or indirect owners of interests in the Borrower to (a) transfer, convey, sell or otherwise dispose (a "Transfer") their ownership interests to any Affiliate, to transfer any non-managing or non-controlling interests to any non-Affiliate, or in connection with any estate planning, or by operation of law, or (b) make Transfers among and between themselves, or (ii) the Borrower to make Transfers.

No sale, assignment or transfer of title to the Project, except as may be otherwise required by the Lender, shall be made unless (a) the Lender consents to such assignment or transfer, (b) the transferee or assignee, as the case may be, assumes all the duties of the Borrower under the Borrower Documents, provided that such assumption may contain an exculpation of the assignee from personal liability with respect to any obligation hereunder arising prior to such sale, assignment or transfer, (c) no Event of Default as certified in writing to the Trustee by the Borrower shall have occurred and be continuing under the Indenture or this Agreement and (d) the Issuer consents to such sale, assignment or transfer in writing. The Trustee shall consent to any such assignment or transfer if (i) the Lender notifies it in writing that the Lender has determined that the aforesaid conditions have been satisfied, (ii) [reserved], and (iii) the Trustee receives a Confirmation of Rating from the Rating Agency that such transfer or assignment will not result in a withdrawal or reduction in any rating on the Outstanding Bonds by the Rating Agency (if the Bonds are then rated by the Rating Agency). Upon the assumption of the duties of the Borrower by a purchaser, assignee or transferee as provided herein, the outgoing Borrower shall be released from all executory obligations so assumed; provided, however, the Borrower shall not be released from its obligation (x) to pay or reimburse the fees and expenses of the Issuer and the Trustee incurred prior to such sale, assignment or transfer and (y) to indemnify the Trustee and the Issuer with respect to any obligation, event or action incurred or arising prior to such sale, assignment or transfer. Nothing contained in this Section shall be construed to supersede any provisions regarding assignment and transfer of the Project contained in the Mortgage Loan Documents.

Notwithstanding anything to the contrary contained herein or in any other Borrower Document, and subject to the consent of the Lender as required by the Mortgage Loan Documents, the following shall be permitted and shall not require the prior written approval of the Issuer or the Trustee: (a) the transfer by the Investor Limited Partner of its interest in the Borrower in accordance with the terms of the Organizational Documents, (b) the removal of the general partner of the Borrower in accordance with the Organizational Documents and the replacement thereof with a successor general partner or the Investor Limited Partner or any of the Investor Limited Partner's affiliates, (c) the transfer of ownership interests in the Investor Limited Partner, (d) the transfer of the interests of the Investor Limited Partner in the Borrower to the Borrower's general partner or any of its affiliates, and (e) any amendment to the Organizational Documents to memorialize the transfers or removal described above. The parties agree that this section shall control to the extent of any conflict in any Borrower Documents.

Section 5.3. Indemnification.

(a) The Borrower releases the Issuer, the members of the Issuer and the Trustee and their respective officers, directors, commissioners, agents, officials, attorneys, and employees,

past, present and future (and as to the Issuer, its Board of Directors) and any person who controls the Issuer, any member of the Issuer or the Trustee within the meaning of the Securities Act of 1933 (the "Securities Act"), from, and covenants and agrees to indemnify, hold harmless and defend the Issuer, the members of the Issuer and the Trustee and their respective officers, commissioners, directors, employees, agents, attorneys, and officials, past, present and future (and as to the Issuer, members of its Board of Directors) and any person who controls such party within the meaning of the Securities Act and each of them (each an "Indemnified Party") from and against, any and all losses, claims, actions, damages, demands, liabilities, costs and expenses (including, without limitation, attorney's fees and expenses, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments), taxes, causes of action, suits, demands and judgments of any conceivable nature, kind or character, joint or several, by or on behalf of any person (collectively, the "Claims") arising out of:

(i) the transactions provided for in the Financing Documents;

(ii) the execution and delivery or amendment of any document entered into or approved by the Borrower in connection with the transactions provided for in the Financing Documents, including any certifications or representations made by any person other than the party seeking indemnification;

(iii) the approval of the financing for the Project;

(iv) any and all Claims arising in connection with the interpretation, performance, enforcement, breach, default or amendment of the Financing Documents, or any other documents relating to the Project or the Bonds or in connection with any federal or state tax audit, or any questions or other matters arising under such documents;

(v) the Trustee's acceptance or administration of the trusts created by the Indenture or the exercise of its powers or duties under the Indenture, this Agreement, the Regulatory Agreement or any other agreements to which it is a party or otherwise in connection with the transactions provided for in the Financing Documents;

(vi) any and all Claims arising in connection with (a) the issuance and sale of any Bonds or any certifications or representations made by Borrower or Borrower's member, including any (1) statement or information made by the Borrower with respect to the Borrower or the Project in any materials regarding the Bonds, the Project or the Borrower or in any other certificate executed by the Borrower which, at the time made, is misleading, untrue or incorrect in any material respect, (2) untrue statement or alleged untrue statement of a material fact relating to the Borrower or the Project contained in any material relating to the Bonds or the Project, or based upon the omission or alleged omission to state in any material relating to the Bonds or the Project a material fact relating to the Borrower or the Project required to be stated in such material or necessary in order to make the statements in such material not misleading, (3) failure to properly register or otherwise qualify the sale of the Bonds or failure to comply with any licensing or other law or regulation which would affect the manner in which or to whom the Bonds could

be sold, and (b) the carrying out by the Borrower of any of the transactions provided for in the Financing Documents;

(vii) the Borrower's failure to comply with any requirement of this Agreement, the Regulatory Agreement or any other Financing Document;

(viii) any act or omission of the Borrower or any of its agents, servants, employees or licensees in connection with the Project, including violation of any law, ordinance, court order or regulation affecting the Project or any part of it or the ownership, occupancy or use of it;

(ix) any damage or injury, actual or claimed, to property (including loss of use of property) or persons, occurring or allegedly occurring in, on or about the Project or arising out of any action or inaction of the Borrower, whether or not related to the Project, or resulting from or in any way connected with the acquisition, construction or management of the Project, the issuance of the Bonds or otherwise in connection with transactions provided for in the Financing Documents or otherwise in connection with the Project or the Bonds or the execution or amendment of any document relating to the Project or the Bonds;

(x) any violation of provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, the Resource Conservation and Recovery Act, the Superfund Amendments and Reauthorization Act of 1986, the Toxic Substances Control Act, environmental laws of the State and municipality in which the Project is located, together with all rules, regulations or administrative orders of any federal, State or municipal governmental agency applicable to, or the release of any toxic substance from, the Project;

(xi) any and all Claims arising in connection with the operation of the Project, or the conditions, occupancy, use, possession, conduct or supervision of work done in or about, or from the planning, design, acquisition, construction, repair or equipping of, the Project or any part of it, including the Americans with Disabilities Act of 1990, as amended from time to time and the regulations thereunder; or

(xii) any IRS audit or proceeding, or any SEC investigative proceeding, or any inquiry or any other federal, state or local regulatory action, investigation or proceeding in connection with or related to the Bonds or the Project.

This indemnification shall extend to and include all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such Claim, or proceeding brought with respect to such Claim, except (a) in the case of the foregoing indemnification of the Trustee or any of its Indemnified Parties, to the extent the claims are caused by the negligence or willful misconduct of that Person, and (b) in the case of the foregoing indemnification of the Issuer, any member of the Issuer or any of their Indemnified Parties, to the extent the claims are caused by the willful misconduct of that Person.

The indemnifications contained in the other Financing Documents shall be in addition to and not in lieu of the indemnities contained in this Section.

(b) In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under this Agreement, the Borrower, upon written notice from the Indemnified Party and subject to the following paragraph, shall assume the investigation and defense of the action or proceeding, including the engagement of counsel selected by the Borrower, subject to the approval of the Indemnified Party in such party's sole discretion, and shall assume the payment of all expenses related to the action or proceeding, with full power to litigate, compromise or settle the same, provided that the Issuer and the Trustee, as appropriate, shall have the right to review and approve or disapprove in their sole discretion any such compromise or settlement. Each Indemnified Party shall have the right to engage separate counsel in any such action or proceeding and participate in the investigation and defense of the action or proceeding and the Borrower shall be obligated to pay the reasonable fees and expenses of such separate counsel only if (a) the Indemnified Party determines that a conflict of interest or a potential conflict of interest exists between the interests of the Indemnified Party and the interests of the Borrower or (b) such separate counsel is engaged with the approval of the Borrower, which approval shall not be unreasonably withheld, conditioned or delayed.

Notwithstanding the foregoing, the Issuer shall choose its own counsel in accordance with applicable law for selection of counsel to governmental entities such as the Issuer to litigate, compromise or settle any such Claims (and such counsel may, to the extent permitted by applicable law, also be Borrower's counsel, as long as Borrower's counsel is acceptable to the Issuer). If counsel for the Issuer is not the same as Borrower's counsel, Borrower shall also assume the payment of all Issuer counsel's legal fees and expenses related to the Claim, or proceeding against the Issuer. Further, any settlement or compromise of any claim against the Issuer shall be subject to the requirements of applicable law regarding settlements of claims against governmental entities such as the Issuer.

Section 5.4. [Reserved].

Section 5.5. Affirmative Covenants.

(a) [Reserved].

(b) Keeping of Records and Books of Account. The Borrower shall keep adequate records and books of account in which complete entries will be made in accordance with GAAP or indicating deviations therefrom, reflecting all financial transactions.

(c) Payment of Taxes, Etc. (i) The Borrower shall promptly pay and discharge: all taxes, assessments, fees, and other Governmental charges or levies or imposed upon it or upon any of its properties, income or profits, before the same shall become delinquent; all lawful claims of materialmen, mechanics, carriers, warehousemen, landlords and other similar Persons for labor, materials, supplies and rentals, which if unpaid might by law become a lien upon its properties; any indebtedness heretofore or hereafter incurred by it when due, and discharge, perform and observe covenants, provisions and conditions to be discharged, performed and observed by it in connection therewith, or in connection with any agreement or other instrument relating thereto or in connection with any lien existing at any time upon any of its properties; provided, however, that the Borrower shall not be required to pay any of the foregoing if (a) the

amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings, (b) the Borrower shall have set aside on its books adequate reserves with respect thereto, or (c) the title of the Borrower to, and its right to use, its properties is not materially and adversely affected thereby.

(ii) The Borrower shall further promptly pay and discharge all taxes and assessments of any type or character charged to the Issuer or to the Trustee affecting the amount available to the Issuer or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Issuer or the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Trustee. These obligation in Section 5.5(c)(ii) shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Loan Agreement or the Indenture.

(d) Insurance. The Borrower shall at all times maintain or cause to be maintained insurance of such types and in such amounts as may be required by the Mortgage Loan Documents.

(e) Notice of Material Litigation. The Borrower shall promptly notify the Trustee and the Issuer in writing of any litigation, arbitration proceeding or administrative investigation, inquiry or other proceeding to which it may hereafter become a party or be subject to which may involve any material risk of any material judgment or liability (unless fully covered by insurance) or which may otherwise result in any material adverse change in the business or assets or in the condition, financial or otherwise, of the Borrower or which may materially impair the ability of the Borrower to perform the Borrower Documents, or any other agreement or instrument herein or therein contemplated.

(f) Notice of Default. In the event that any Event of Default occurs, the Borrower shall give prompt notice in writing of such happening to the Trustee and the Issuer.

(g) Performance of Contracts, Etc. Except to the extent contested in good faith, the Borrower shall perform according to and shall comply with all of its contractual obligations and all requirements of law if nonperformance thereof would materially and adversely affect the business or credit of the Borrower on an individual basis or would materially impair the ability of the Borrower to perform this Agreement, the Regulatory Agreement or the Note or any other agreement or instrument herein or therein contemplated.

(h) Notice of Other Matters. The Borrower shall promptly notify the Trustee and the Issuer in writing of any of the following events:

(i) Any material change with respect to the business, assets, liabilities, financial condition, results of operations or business prospects of the Borrower other than changes in the ordinary course of business the effects of which have not been materially adverse.

(ii) A default by the Borrower in any material respect under any material agreement to which the Borrower is a party or by which the Borrower or its properties or assets may be bound, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto.

(i) Cooperation in Perfecting Security Interests, Etc. The Borrower shall promptly perform such acts as may be necessary or advisable to perfect and maintain any lien provided for in this Agreement or in any agreement or document contemplated herein or therein, or otherwise to carry out the intent of this Agreement. The Borrower shall, and shall promptly execute, deliver and perform or cause to be done, executed, delivered and performed, including upon request of the Trustee, all such documents, instruments, agreements, things and acts, including, without limitation, financing statements, continuation statements and mortgages as may be necessary or advisable to perfect or maintain a lien on any and all assets or rights of the Borrower, or any interest of the Borrower therein, and the Trustee and its officers, employees and authorized agents, or any of them, are hereby irrevocably appointed the attorneys in fact of the Borrower to do all acts and things which may be deemed necessary or advisable to preserve, perfect and continue perfected any lien in favor of the Trustee. Notwithstanding anything to the contrary herein, the Borrower is solely responsible for ensuring the perfection and maintenance of the Trustee's lien described herein. The Trustee has no responsibility for monitoring or verifying the maintenance, priority and perfection of its lien described hereunder. The Trustee shall not be responsible for the initial filing of financial statements. In no event shall the Trustee be responsible for any information contained in any financing statement or the recording or filing of this Agreement or any initial financing statements or other instruments, and unless otherwise notified in writing by the Issuer, the Trustee may conclusively rely without liability upon all such financing statements. To the extent the Trustee is required to file any instrument, the Trustee shall be entitled to retain counsel or a third-party vendor to file the continuations and shall be entitled to receive reimbursement of all fees and expenses pursuant to this Indenture and the other Bond Documents.

(j) Environmental Matters. The Borrower will take and continue to take prompt action to remedy all environmental pollution and contamination, hazardous waste disposal and other environmental cleanup problems (collectively, "Environmental Cleanup Problem"), if any, whether or not such cleanup problems have resulted from the order or request of a municipal, state, federal, administrative or judicial authority, or otherwise. The foregoing covenant shall not constitute or create a waiver of any rights the Borrower may have to pursue any legal rights or remedies against any third party for any environmental claims. Notwithstanding the foregoing, the Borrower shall have no obligation to remedy any Environmental Cleanup Problem to the extent such Environmental Cleanup Problem (a) occurs after the transfer of the Project to Lender pursuant to a foreclosure or other transfer of the Project to Lender in lieu thereof which are based upon conditions not caused by Borrower and which are first created or which first arise after such transfer or (b) matters resulting from the gross negligence or willful misconduct of the Lender.

Section 5.6. Negative Covenants.

(a) Non-discrimination. The Borrower will not, and will require each contractor, subcontractor and commercial tenant of the Project to covenant that it will not, discriminate by reason of race, color, creed, handicap, national origin or sex in the employment of any Person employed by it in connection with the Project or working in or on the Project. The Borrower will require each manager of the Project to covenant that in the leasing of the Project it will not discriminate by reason of age, race, color, creed, handicap, national origin, sex, marital status, sexual orientation or gender identity, and will not discriminate against persons with minor dependents.

(b) Nature of Business. The Borrower will not change the general character of its business as conducted at the date hereof, or engage in any type of business not reasonably related to its business as normally conducted.

Section 5.7. Additional Indebtedness.

So long as no Event of Default or Default hereunder shall have occurred and be continuing, the Borrower shall be permitted to incur any subordinate indebtedness for any Project Cost or other obligation or payment due under this Agreement, the Indenture or the Regulatory Agreement.

Section 5.8. Continuing Disclosure.

The Borrower hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Agreement or the Indenture, failure of the Borrower to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder or under the Indenture or a default with respect to the Bonds or the Mortgage Loan Documents. The Borrower will provide to the Trustee and the Issuer electronic copies of the annual financial statements of the Project and notices of material events provided pursuant to the Continuing Disclosure Agreement.

Section 5.9. Reliance.

It is expressly understood and agreed by the parties to this Agreement that: (1) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to it by the Trustee, any Holder or the Borrower as to the existence of a fact or state of affairs required under this Agreement to be noticed by the Issuer; (2) the Issuer shall not be under any obligation to perform any recordkeeping or to provide any legal service, it being understood that such services shall be performed by the Trustee or the Borrower (solely to the extent of the record-keeping required to be performed by it under the Financing Documents); and (3) none of the provisions of this Agreement shall require the Issuer to expend or risk its own funds (apart from the proceeds of Bonds issued under the Indenture) or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights under this

Agreement unless it first shall have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking such action.

Section 5.10. [Reserved].

Section 5.11. Monitoring.

Monitoring of the construction of the Project shall be done by the Lender in accordance with the terms of the Mortgage Loan Documents. Neither the Trustee nor the Issuer has any duty or obligation to monitor the construction of the Project or, except to the extent specifically required by the other Financing Documents, the operation of the Project upon its completion. The Issuer shall, however, at all times retain the right to monitor the construction of the Project and, following the Completion Date, shall have the right to monitor the Project in accordance with the terms and conditions of the Regulatory Agreement. The Issuer's right to monitor the construction of the Project shall include the right to appoint and retain, at Borrower's expense, an architectural or engineering firm of the Issuer's choice or the Issuer's own architectural or engineering staff to monitor and advise the Issuer concerning the Project.

Section 5.12. Regulatory Agreement.

The covenants of the Borrower in the Regulatory Agreement shall be deemed to constitute covenants of the Borrower running with the land and an equitable servitude for the benefit of the owners of the Bonds and shall be binding upon any owner of the Project until the earlier of (a) such time as such restrictions expire under their own terms, or (b) the Issuer (in its sole and absolute discretion) and the Trustee (at the direction of the holders of a majority in aggregate principal amount of the Bonds) consent to the release of such restrictions, or (c) the Regulatory Agreement is otherwise terminated by its terms. The Borrower covenants to file of record the Regulatory Agreement and take such other steps as are necessary in order to assure that the restrictions contained in the Regulatory Agreement will, subject to the terms of the Regulatory Agreement, be binding upon all owners of the Project. The Borrower covenants to include such restrictions or a reference to such restrictions in any documents transferring any interest in the Project to another to the end that such transferee has notice of, and is bound by, such restrictions. The Issuer and the Trustee shall have the right to seek specific performance of or injunctive relief to enforce the requirements of any covenants of the Borrower contained in the Regulatory Agreement or this Agreement. Further, any transfers of the Project to the Borrower shall be subject to the conditions for and limitations on transfers contained in the Financing Documents.

Section 5.13. Notification of Violation of Regulatory Agreement.

Upon the discovery by the Issuer or the Trustee of any noncompliance by the Borrower with any of the requirements of the Regulatory Agreement, the party who discovered that non-compliance will notify the other parties to this Agreement of the non-compliance; provided, however, that the Trustee shall not be required to monitor compliance with the Regulatory Agreement. In that event, and subject in any event to the provisions of Sections 9.07 and 9.08 of the Indenture, the Issuer will direct the Trustee to (or the Issuer may itself) cause the Borrower to correct any non-compliance with the Regulatory Agreement. The Issuer may pursue or may

direct the Trustee to diligently pursue any such action against the Borrower to enforce the terms of the Regulatory Agreement, subject to the Trustee's rights under and the limitations of Section 5.02 of the Indenture, including the right to reasonable satisfactory security or an indemnity bond.

Section 5.14. Right to Enforce Compliance.

The Issuer and the Trustee shall each have the right, but not the obligation, to enforce compliance by the Borrower and its successors as subsequent owners of the Project with the requirements of this Agreement and the Regulatory Agreement. Notwithstanding the foregoing, the Trustee agrees that it will, subject to the provisions of the Indenture and Article VII of this Agreement, at the written direction of the Issuer, and upon being indemnified to its satisfaction, take such action as may be required to achieve compliance by the Borrower with the terms and provisions of this Agreement and the Regulatory Agreement.

ARTICLE VI

PREPAYMENT, TENDER AND TERMINATION

Section 6.1. Prepayment.

Provided no Event of Default shall have occurred or be continuing, at any time the Bonds are subject to optional redemption in accordance with applicable provisions of the Indenture, the Borrower may prepay the Loan by directing the Issuer, upon thirty-five (35) days written notice, to direct the Trustee to call Bonds for optional redemption in whole in accordance with the applicable provisions of Section 3.01(a) of the Indenture providing for optional redemption at the price stated in the Indenture, from amounts held in the Collateral Fund, the Project Fund and the Bond Fund provided such amounts are sufficient to pay the redemption price of the Bonds in full.

Section 6.2. Borrower's Obligations Upon Tender of Bonds.

If Bonds are not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Special Funds as provided in Section 3.01(b) of the Indenture for the purpose of paying the redemption price of such Bond, the Borrower will cause to be paid to the Trustee by the Mandatory Tender Date, an amount equal to the amount by which the redemption price of the Bonds exceeds the amount otherwise available pursuant to the Indenture.

Section 6.3. Option to Terminate.

The Borrower shall have the option to cancel or terminate this Agreement at any time when (a) the Indenture shall have been released in accordance with its provisions, and (b) sufficient money or security acceptable to the Issuer and the Trustee are on deposit with the Trustee or the Issuer, or both, to meet all Loan Payments and Additional Payments due or to become due through the date on which the last of the Bonds is then scheduled to be retired or redeemed, or, with respect to Additional Payments to become due, provisions satisfactory to the Trustee and the Issuer are made for paying such amounts as they come due. Such option shall be exercised by the Authorized Borrower Representative, on behalf of the Borrower, giving the

Issuer and the Trustee five days notice in writing of such cancellation or termination and such cancellation or termination shall become effective at the end of such notice period. The provisions of this Section shall not be deemed to permit a prepayment of the Note other than in accordance with its terms.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default.

Each of the following shall be an Event of Default hereunder:

(a) The Borrower shall fail to pay any Loan Payment within five (5) days of the date on which that Loan Payment is due and payable to the extent amounts on deposit in the Bond Fund, including amounts transferred from the Collateral Fund and the Project Fund are insufficient to pay the Bond Service Charges due on the next Bond Payment Date;

(b) The Borrower shall fail to observe and perform any other agreement, term or condition contained in this Agreement and the continuation of such failure for a period of 30 days after written notice thereof shall have been given to the Borrower and the Investor Limited Partner by the Issuer or the Trustee, or for such longer period as the Borrower may certify that it shall diligently work to cure such failure and the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice;

(c) The Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within ninety (90) days; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of ninety (90) days;

(d) Any representation or warranty made by the Borrower herein or any statement in any report, certificate, financial statement or other instrument furnished in connection with this Agreement or with the purchase of the Bonds shall at any time prove to have been false or misleading in any adverse material respect when made or given;

(e) There shall occur an "Event of Default" as defined in the Indenture; and

(f) There shall occur a default by the Borrower under the Regulatory Agreement that is continuing after any applicable notice and cure period.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term or condition hereof which would give rise to an Event of Default under subsection (b) hereof, the Borrower shall not be deemed in default during the continuance of such inability. However, the Borrower shall promptly give notice to the Trustee and the Issuer of the existence of an event of Force Majeure and shall use commercially reasonable efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term Force Majeure shall mean, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances; acts of terrorism or of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Borrower.

The declaration of an Event of Default under subsection (c) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

Section 7.2. Remedies on Default.

Whenever an Event of Default shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to Section 6.03 of the Indenture, the Trustee shall declare all Loan Payments to be due and payable together until any other amounts payable by the Borrower under this Agreement and the Note whereupon the same shall become immediately due and payable;

(b) The Trustee may exercise any or all or any combination of the remedies specified under this Agreement;

(c) The Issuer or the Trustee may have access to, inspect, examine and make copies of the books, records, accounts and financial data of the Borrower pertaining to the Project; or

(d) The Issuer or the Trustee may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Agreement and the Regulatory Agreement and the Note or to enforce the performance and observance of any other obligation or agreement of the Borrower under those instruments.

Notwithstanding the foregoing, neither the Issuer nor the Trustee shall be obligated to take any step which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Issuer or the Trustee at no cost or expense to the Issuer or the Trustee. Any amounts collected as Loan Payments or applicable to Loan Payment and any other amounts which would be applicable to payment of Bond Service Charges collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in Section 4.14 of the Indenture for transfers of remaining amounts in the Bond Fund.

The provisions of this Section are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to paragraph (a) of this Section and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

Section 7.3. No Remedy Exclusive.

No remedy conferred upon or reserved to the Issuer or the Trustee by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement, the Regulatory Agreement or the Note, or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair that right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than any notice required by law or for which express provision is made herein.

Section 7.4. Agreement to Pay Attorneys' Fees and Expenses.

If an Event of Default should occur and the Issuer or the Trustee should incur expenses, including reasonable attorneys' fees and expenses, in connection with the enforcement of this Agreement, the Regulatory Agreement or the Note or the collection of sums due thereunder, the Borrower shall reimburse the Issuer and the Trustee, as applicable, for the expenses so incurred upon demand.

Section 7.5. No Waiver.

No failure by the Issuer or the Trustee to insist upon the strict performance by the Borrower of any provision hereof shall constitute a waiver of their right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the Borrower to observe or comply with any provision hereof.

Section 7.6. Notice of Default.

The Borrower shall notify the Trustee and the Issuer immediately if it becomes aware of the occurrence of any Event of Default hereunder or of any fact, condition or event which, with the giving of notice or passage of time or both, would become an Event of Default.

Section 7.7. Investor Limited Partner's Cure Rights.

The Issuer hereby agrees that any cure of any Event of Default hereunder made or tendered by the Investor Limited Partner shall be deemed to be cure by the Borrower, and shall be accepted or rejected by the Issuer on the same basis as if made or tendered by the Borrower.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Term of Agreement.

This Agreement shall be and remain in full force and effect from the date of delivery of the Bonds to the Holder until such time as all of the Bonds shall have been fully paid (or provision made for such payment) pursuant to the Indenture and all other sums payable by the Borrower under this Agreement and the Note shall have been paid, except for obligations of the Borrower under Sections 4.4, 5.3, 5.5(c)(ii) and 8.18 hereof, which shall survive any termination of this Agreement as provided herein.

Section 8.2. Amounts Remaining in Funds.

Pursuant to Section 4.13 of the Indenture, any amounts in the Bond Fund remaining unclaimed by the Holders of Bonds for two years after the due date thereof (whether at stated maturity or otherwise), shall be deemed to belong to and shall be paid, at the written request of the Borrower, to the Borrower by the Trustee as overpayment of Loan Payments. With respect to that principal of and interest on the Bonds to be paid from money paid to the Borrower pursuant to the preceding sentence, the Holders of the Bonds entitled to such money shall look solely to the Borrower for the payment of such money. Further, any amounts remaining in the Bond Fund, the Project Fund and Collateral Fund after all of the Outstanding Bonds shall be deemed to have been paid and discharged under the provisions of the Indenture and all other amounts required to be paid under this Agreement, the Note and the Indenture have been paid, shall, subject to Section 4.14 of the Indenture, be paid to the Borrower to the extent that such money is in excess

of the amounts necessary to effect the payment and discharge of the Outstanding Bonds; provided, however, that in the event of a default under the Mortgage Loan and assignment of the Mortgage Loan to the Lender's assignee, of which the Trustee has received written notification, such excess funds shall be paid to the Lender's assignee.

Section 8.3. Notices.

All notices, certificates, requests or other communications hereunder shall be in writing and shall be deemed to be sufficiently given when mailed by registered or certified mail, postage prepaid, or forwarded by overnight courier service, delivery charges prepaid, and addressed to the appropriate Notice Address. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Issuer, the Borrower, the Investor Limited Partner, the Lender, or the Trustee shall also be given to the others. The Borrower, the Issuer, the Lender, the Investor Limited Partner and the Trustee, by notice given hereunder, may designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 8.4. Extent of Covenants of the Issuer; No Personal Liability.

All covenants, obligations and agreements of the Issuer contained in this Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No recourse shall be had for any claim based thereon or upon any obligation, covenant or agreement contained in this Agreement again any past, present or future officer, director, member, employee or agent of the Issuer, or of any successor public corporation, as such, either directly or through the Issuer or any successor public corporation, under any rule of law or equity, statute or constitution, or by enforcement or any assessment or penalty or otherwise, and all such liability of any such officers, directors, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any incorporator, director or officer of the Issuer past, present or future in his or her individual capacity.

Section 8.5. Limited Liability of the Issuer.

All obligations of the Issuer incurred under this Agreement, the Regulatory Agreement, and the Indenture shall be limited obligations of the Issuer, payable solely and only from Bond proceeds, Revenues and other amounts derived by the Issuer from the Trust Estate. No agreements or provisions contained in this Agreement or any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit or shall obligate the Issuer financially in any way except with respect to this Agreement and the application of revenues therefrom that have been pledged to the payment of the Bonds and of the proceeds of the Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement herein shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from this Agreement or revenues therefrom that have been pledged to

the payment of the Bonds or proceeds of the Bonds. Nothing herein shall preclude a proper party in interest from seeking and obtaining to the extent permitted by law specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement herein; provided that no costs, expenses or other monetary relief shall be recoverable from the Issuer except as may be payable from this Agreement or revenues therefrom that have been pledged to the payment of the Bonds or the proceeds of the Bonds. Anything herein to the contrary notwithstanding, the Issuer shall not be obligated to take any action or execute any instruments pursuant to any provision of this Agreement until it shall have been requested to do so by the Borrower or the Trustee and shall have received from the Borrower or the Holders assurance satisfactory to the Issuer that it will be reimbursed for its reasonable expenses incurred in taking such action or executing such instruments.

Section 8.6. Limited Liability of Borrower.

Anything in this Agreement to the contrary notwithstanding, the monetary obligations of the Borrower contained in this Agreement (except for fees, payments and indemnification under Sections 4.4, 5.3, 5.5(c)(ii), 7.4 and 8.18 hereof, but this exception for fees, payments and indemnification does not apply to any partner, member or manager of the Borrower) shall be limited obligations payable solely from the income and assets of the Project and neither the Borrower nor any partner, manager, member, director, official or officer of the Borrower shall have any personal liability for the satisfaction of any obligation of the Borrower or claim against the Borrower, arising out of this Agreement.

Section 8.7. Binding Effect.

This Agreement shall inure to the benefit of and shall be binding in accordance with its terms upon the Issuer, the Borrower, the Trustee and their respective permitted successors and assigns provided that this Agreement may not be assigned by the Borrower (except in connection with a sale or transfer of assets pursuant to Section 5.2 hereof) and may not be assigned by the Issuer except to the Trustee pursuant to the Indenture or as otherwise may be necessary to enforce or secure payment of Bond Service Charges. This Agreement may be enforced only by the parties, their assignees and others who may, by law, stand in their respective places.

Section 8.8. Amendments and Supplements.

Except as otherwise expressly provided in this Agreement or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, this Agreement, the Regulatory Agreement and the Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of Article X of the Indenture, as applicable.

Section 8.9. Execution Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 8.10. Severability.

If any provision of this Agreement, or any covenant, obligation or agreement contained herein is determined by a court to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained herein. That invalidity or unenforceability shall not affect any valid and enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 8.11. Governing Law; Venue.

This Agreement shall be governed by and interpreted in accordance with the internal laws of the State without regard to conflicts of laws principles. This Agreement shall be enforceable in the State, and any action arising hereunder shall (unless waived by the Issuer in writing) be filed and maintained in the County of San Diego, California.

Section 8.12. No Trial by Jury.

If and to the extent permitted under applicable law, the Parties hereto hereby agree not to elect a trial by jury of any issue triable of right by jury, and waive any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to the Bond Documents, or any claim, counterclaim or other action arising in connection therewith. This waiver of right to trial by jury is given knowingly and voluntarily by the Parties hereto, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue in each instance, to the fullest extent permitted by applicable law. The Servicer, the Trustee or Owner is hereby authorized to file a copy of this paragraph in any proceeding as conclusive evidence of this waiver by the Parties hereto. If, for any reason, this provision is determined to be unenforceable, all matters otherwise subject to jury trial shall be subject to the judicial reference procedures set forth in Section 8.18 of this Agreement.

Section 8.13. Debtor Creditor Relationship.

It is expressly understood and agreed that the relationship between the Issuer and the Borrower established by the transaction contemplated by this Agreement and by all of the other Loan Documents is exclusively that of creditor or lender, on the part of the Issuer, and debtor or borrower, on the part of the Borrower and is in no way to be construed as a partnership or joint venture of any kind. It is further understood that all payments by the Borrower under the Loan Documents shall be exclusively on account of the said debtor/creditor relationship.

Section 8.14. PATRIOT Act Notice.

The Issuer hereby notifies Borrower and Guarantor that, pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies Borrower and Guarantor, which information includes the names and addresses of Borrower and Guarantor

and other information that will allow the Issuer to identify Borrower and Guarantor in accordance with the PATRIOT Act.

Section 8.15. Electronic Transactions.

The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22.

Section 8.16. Mortgage Loan Documents.

In the event of any conflict and to the extent that there is any inconsistency or ambiguity between the provisions of this Agreement and the provisions of the Mortgage Loan Documents, the Mortgage Loan Documents will be deemed to be controlling, and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of the Mortgage Loan Documents in accordance with their terms. Notwithstanding any provision of this Agreement to the contrary, the parties hereto acknowledge and agree that all of their respective rights and powers to any assets or properties of the Borrower are subordinate and subject to the liens created by the mortgage associated with the Mortgage Loan, in accordance with its terms, together with any and all amounts from time to time secured thereby, and interest thereon, and to all of the terms and provisions of the Mortgage, and any and all other documents executed by the Borrower as required by the Lender in connection therewith.

Failure of the Issuer or the Borrower to comply with any of the covenants set forth in this Agreement will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

There is no pledge hereunder of the gross revenues or any of the assets of the Project.

Nothing contained herein shall inhibit or impair the right of the Lender to require or agree to any amendment, change or modification of any Mortgage Loan Documents related to the Project, for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or in regard to matters or questions arising under said Mortgage Loan Documents so long as any such amendment, change or modification shall not adversely affect the payment terms of the Bonds.

Proceeds from any condemnation award or from the payment of a claim under any hazard insurance policy relating to the Project will not be payable to the Trustee, but will be payable in accordance with the Mortgage Loan Documents, in accordance with their terms.

Section 8.17. No Violations of Law.

Any other term or provision in this Agreement to the contrary notwithstanding, in no event shall this Agreement be construed as depriving the Issuer of ay right or privilege or requiring it or any member, agent, employee, representative or advisor to take or omit to take or permit or suffer the taking of any action by itself or by anyone else which deprivation or requirement would violate or result in the Issuer's being in violation of the Act or any other applicable state or federal law.

Section 8.18. Judicial Reference.

The Issuer and the Borrower hereby covenant the following:

(a) The parties prefer that any dispute between them be resolved in litigation subject to a jury trial waiver as set forth in this Loan Agreement, but the California Supreme Court has held that such pre-dispute jury trial waivers are unenforceable. This Section 8.18 will be applicable until: (i) the California Supreme Court holds that a pre-dispute jury trial waiver provision similar to that contained in Section 8.12 of this Loan Agreement is valid or enforceable; or (ii) the California Legislature passes legislation and the governor of the State signs into law a statute authorizing pre-dispute jury trial waivers and as a result such waivers become enforceable.

(b) Other than the exercise of provisional remedies (any of which may be initiated pursuant to applicable law), any controversy, dispute or claim (each, a "Claim") between the parties arising out of or relating to this Loan Agreement will be resolved by a reference proceeding in California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure ("CCP"), or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Venue for the reference proceeding will be in the Superior Court or Federal District Court in San Diego County, California (the "Court") unless waived by the Issuer in writing.

(c) The referee shall be a retired Judge or Justice selected by mutual written agreement of the parties. If the parties do not agree, the referee shall be selected by the Presiding Judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. The referee shall be appointed to sit with all the powers provided by law. Pending appointment of the referee, the Court has power to issue temporary or provisional remedies.

(d) The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee, (ii) if practicable, try all issues of law or fact within ninety (90) days after the date of the conference, and (iii) report a statement of decision within twenty (20) days after the matter has been submitted for decision.

(e) The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall be entitled to "priority" in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

(f) Except as expressly set forth in this Loan Agreement, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when either party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award costs to the prevailing party, the parties will equally share the cost of the referee and the court reporter at trial.

(g) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State. The rules of evidence applicable to proceedings at law in the State will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, provide all temporary or provisional remedies, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a trial, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision, and pursuant to CCP Section 644 the referee's decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court. The final judgment or order or from any appealable decision or order entered by the referee shall be fully appealable as provided by law. The parties reserve the right to findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(h) If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired Judge or Justice, in accordance with the California Arbitration Act Section 1280 through 1294.2 of the CCP as amended from time to time. The limitations with respect to discovery set forth above shall apply to any such arbitration proceeding.

THE PARTIES RECOGNIZE AND AGREE THAT ALL DISPUTES RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR OWN CHOICE, EACH PARTY KNOWINGLY

AND VOLUNTARILY AND FOR THEIR MUTUAL BENEFIT AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY DISPUTE BETWEEN THEM WHICH ARISES OUT OF OR IS RELATED TO THIS LOAN AGREEMENT.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Agreement to be duly executed in their respective names, all as of the date hereinbefore written.

ISSUER:

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____
[_____]

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC, a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and Community Development LLC,
a Delaware limited liability company, its Sole Member

By: _____
Joel Hammer, Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC, a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc., a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett, CEO

By: BOLD HILLCREST LLC, a California limited liability company,
its Managing General Partner

By: Bold Communities, a California nonprofit public benefit corporation, its Sole Member

By: _____
Michael Miller, President

EXHIBIT A

FORM OF PROMISSORY NOTE

This Promissory Note (the "Note") has not been registered under the Securities Act of 1933. Its transferability is restricted by the Trust Indenture and the Loan Agreement referred to herein.

$[TAXABLE PAR] [Closing Date]

Hillcrest Hall LP, a California limited partnership (the "Borrower"), for value received, promises to pay in installments to U.S. Bank Trust Company, National Association, as trustee (the "Trustee") under the Indenture hereinafter referred to, the principal amount of

[PAR AMOUNT WRITTEN OUT] DOLLARS ($[TAXABLE PAR])

and to pay interest on the unpaid balance of such principal sum from and after the date hereof at the rate of [_.__]% per annum through and including [_____], and thereafter at the applicable Remarketing Rate (as defined in the Indenture described below), until the payment of such principal sum has been made or provided for. The principal amount stated above shall be paid on or before [_____]. Interest shall be calculated on the basis of a 360-day year of 12 equal months. Interest on this Note shall be paid in Federal Reserve funds on (a) [_____] 1 and [_____] 1 of each year, beginning [_____] 1, 2026, (b) each Redemption Date, (c) each Mandatory Tender Date, (d) the Maturity Date, and (e) the date of acceleration of the Bonds (the "Interest Payment Dates").

This Note has been executed and delivered by the Borrower to the Trustee, as assignee of the Issuer, pursuant to a certain Loan Agreement dated as of [_____] 1, 2026 (the "Loan Agreement"), between the Housing Authority of the City of San Diego, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Issuer") and the Borrower. Terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement and the Indenture, as defined below.

Under the Loan Agreement, the Issuer has loaned the Borrower the principal proceeds received from the sale of the $[TAXABLE PAR] Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) (the "Bonds") to assist in the financing of the Project, and the Borrower has agreed to repay such loan by making payments ("Loan Payments") at the times and in the amounts set forth in this Note for application to the payment of Bond Service Charges on the Bonds as and when due. The Bonds have been issued, concurrently with the execution and delivery of this Note, pursuant to, and are secured by, the Trust Indenture dated as of [_____] 1, 2026 (the "Indenture"), between the Issuer and the Trustee.

To provide funds to pay the principal of and interest on the Bonds as and when due as specified herein, the Borrower hereby agrees to and shall make Loan Payments in Federal Reserve funds on each Interest Payment Date in an amount equal to the Bond Service Charges

on the Bonds payable on such Interest Payment Date. In addition, to provide funds to pay the Bond Service Charges on the Bonds as and when due at any other time, the Borrower hereby agrees to and shall make Loan Payments in Federal Reserve funds on any other date on which any Bond Service Charges on the Bonds shall be due and payable, whether at maturity, upon acceleration or otherwise, in an amount equal to those Bond Service Charges.

If payment or provision for payment in accordance with the Indenture is made in respect of the Bond Service Charges on the Bonds from money other than Loan Payments, this Note shall be deemed paid to the extent such payments or provision for payment of Bonds has been made. Consistent with the provisions of the immediately preceding sentence, the Borrower shall have credited against its obligation to make Loan Payments any amounts transferred from the Project Fund or the Collateral Fund to the Bond Fund. Subject to the foregoing, all Loan Payments shall be in the full amount required hereunder.

All Loan Payments shall be made to the Trustee at its designated corporate trust office for the account of the Issuer and deposited in the Bond Fund created by the Indenture. Except as otherwise provided in the Indenture, the Loan Payments shall be used by the Trustee to pay Bond Service Charges on the Bonds as and when due.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other person.

This Note is subject to prepayment, in whole or in part, upon the terms and conditions set forth in Article VI of the Loan Agreement. Any prepayment is subject to satisfaction of any applicable notice, deposit or other requirements set forth in the Agreement or the Indenture.

Whenever an Event of Default under Section 6.01 of the Indenture shall have occurred and, as a result thereof, the principal of and any premium on all Bonds then Outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 6.03 of the Indenture, the unpaid principal amount of and any premium and accrued interest on this Note shall also be due and payable in Federal Reserve funds on the date on which the principal of and premium and interest on the Bonds shall have been declared due and payable; provided that the annulment of a declaration of acceleration with respect to the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Note.

The payment obligations of this Note are non-recourse to the Borrower to the extent set forth in Section 8.6 of the Loan Agreement.

In the event of any conflict and to the extent that there is any inconsistency or ambiguity between the provisions of the Bond Documents (as such term is defined in the Indenture) and the provisions of the Mortgage Loan Documents, the Mortgage Loan Documents will be deemed to be controlling, and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of the Mortgage Loan Documents, in accordance with their terms.

Enforcement of the covenants in the Bond Documents will not result in, and neither the Issuer nor the Trustee has or shall be entitled to assert, any claim against the Project, the Mortgage Loan proceeds, any reserves or deposits required in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Project other than available under the Mortgage Loan Documents, in accordance with their terms.

Failure of the Issuer or the Borrower to comply with any of the covenants set forth in the Bond Documents will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed in its name as of the date first above written.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC, a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and Community Development LLC,
a Delaware limited liability company, its Sole Member

By: _____
Joel Hammer, Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC, a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc., a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett, CEO

By: BOLD HILLCREST LLC, a California limited liability company,
its Managing General Partner

By: Bold Communities, a California nonprofit public benefit corporation, its Sole Member

By: _____
Michael Miller, President

[Signature page – Note – Hillcrest Hall]

EXHIBIT B

FORM OF DISBURSEMENT REQUEST

[Date]

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF FUNDS FROM PROJECT FUND PURSUANT TO SECTION 3.6 OF THE LOAN AGREEMENT

Pursuant to Section 3.6 of the Loan Agreement dated as of [_____] 1, 2026 (the "Loan Agreement") between the Housing Authority of the City of San Diego, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Issuer"), and Hillcrest Hall LP, a California limited partnership (the "Borrower"), the undersigned Authorized Borrower Representative hereby requests and authorizes U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), as depositary of the Project Fund created by the Trust Indenture dated as of [_____] 1, 2026 (the "Indenture"), between the Issuer and the Trustee, to pay [to the Borrower] [to Citibank, N.A., as Lender] [or to the person(s) listed on the Disbursement Schedule hereto] out of the money deposited in the Project Fund the aggregate sum of $[_____] to pay the costs of the items listed in the Disbursement Schedule.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(a) Each item for which disbursement is requested hereunder is an item described in Section 3.6(a)-(h) of the Loan Agreement, is properly payable out of the Project Fund in accordance with the terms and conditions of the Loan Agreement and none of those items has formed the basis for any disbursement heretofore made from said Project Fund.

(b) Each such item is or was necessary in connection with the construction, equipment or improvement of the Project, as defined in the Indenture.

(c) The Borrower has received, or will concurrently with payment receive and deliver to the Trustee, appropriate waivers of any mechanics' or other liens with respect to each item for which disbursement is requested hereunder.

(d) [Reserved].

(e) There is no current or existing event of default pursuant to the terms of the Loan Agreement or the Regulatory Agreement and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

(f) No amount for which disbursement is sought formed the basis for any prior disbursement.

(g) Each item for which disbursement is sought was or is necessary in connection with the Project and qualifies for disbursement pursuant to the provisions of the Loan Agreement.

(h) No representation or warranty of the Borrower contained in the Loan Agreement or the Regulatory Agreement is materially incorrect or inaccurate, and there has been no "Event of Default" or default under the terms of any of those documents which has occurred and is continuing after any applicable notice period and no event shall exist which by notice, passage of time or both would constitute an "Event of Default" or default under any of those documents.

(i) There are no liens on the Project except Permitted Liens and those permitted or provided for by the Loan Agreement

(j) This statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

[Remainder of page intentionally left blank]

This statement constitutes the approval of the Borrower of each disbursement hereby requested and authorized as of the date first written above.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC, a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and Community Development LLC,
a Delaware limited liability company, its Sole Member

By: _____
Joel Hammer, Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC, a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc., a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett, CEO

By: BOLD HILLCREST LLC, a California limited liability company,
its Managing General Partner

By: Bold Communities, a California nonprofit public benefit corporation, its Sole Member

By: _____
Michael Miller, President

APPROVED BY:

CITIBANK, N.A., as Lender

By: _____
Authorized Signatory

Lender's approval is solely for the purpose of acknowledging its approval of the related advance of Mortgage Loan proceeds submitted separately.

DISBURSEMENT SCHEDULE

TO STATEMENT NO. _____ REQUESTING AND AUTHORIZING DISBURSEMENT OF FUNDS FROM PROJECT FUND PURSUANT TO SECTION 3.6 OF THE LOAN AGREEMENT

Name and Address of Payee	Amount	Purpose (indicate whether payment or reimbursement and nature of services performed or materials supplied)	Payment Instructions
	$		

EXHIBIT C

$[TAXABLE PAR]
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-2 (Taxable)

COMPLETION CERTIFICATE

[Date]

Pursuant to Section 3.9 of the Loan Agreement dated as of [_____] 1, 2026 (the "Loan Agreement") between the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO (the "Issuer"), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State") and HILLCREST HALL LP, a California limited partnership (the "Borrower"), and relating $_____ of the above-captioned Bonds, the undersigned Authorized Borrower Representative hereby certifies that (with capitalized words and terms used and not defined in this Certificate having the meanings assigned or referenced in the Loan Agreement):

(a) The Project was substantially completed and available and suitable for use as multifamily housing on _____.

(b) The construction, equipping and improvement of the Project and those other facilities have been accomplished in such a manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other similar governmental regulations.

(c) The costs of the Project financed with the Loan were $_____.

(d) Except [as provided in subsection (e) of this Certificate][for amounts retained by the Lender in the _____ for the payment of costs of the Project not yet due or for liabilities which the Borrower is contesting or which otherwise should be retained], all costs of that construction due on or after the date of this Certificate and now payable have been paid.

(e) [The Trustee shall retain $_____ in the Project Fund for the payment of costs of the Project not yet due or for liabilities which the Borrower is contesting or which otherwise should be retained, for the following reasons:]

(f) This Certificate is given without prejudice to any rights against third parties that now exist or subsequently may come into being.

IN WITNESS WHEREOF, the Authorized Borrower Representative has set his or her hand as of the date first written above.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC, a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and Community Development LLC,
a Delaware limited liability company, its Sole Member

By: _____
Joel Hammer, Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC, a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc., a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett, CEO

By: BOLD HILLCREST LLC, a California limited liability company,
its Managing General Partner

By: Bold Communities, a California nonprofit public benefit corporation, its Sole Member

By: _____
Michael Miller, President

EXHIBIT D

SOURCES AND USES

Sources of Funds:

Total Sources **$**

Uses of Funds:

Total Uses **$**

[1] Subject to the satisfaction of the Conditions to Funding, Citibank shall make a loan to the Issuer on the Initial Mandatory Tender Date or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds (the "Funding Date") in an original principal amount not to exceed $[_____], the proceeds of which will be used by the Trustee to pay the purchase price of the tax-exempt bonds of the issuer issued concurrently with the Bonds, which will be exchanged for a Governmental Lender Note.

LOAN AGREEMENT

between

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

HILLCREST HALL LP

relating to

$18,200,000
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)

Dated as of [_____] 1, 2026

The interest of the Housing Authority of the City of San Diego (the "Issuer") in this Loan Agreement has been assigned pursuant to the Trust Indenture (the "Indenture"), dated as of [June] 1, 2026 between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the "Trustee") (except for Reserved Rights, as such term is defined in the Indenture), and is subject to the security interest of the Trustee thereunder.

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LOAN AGREEMENT

THIS LOAN AGREEMENT made and entered into as of [_____] 1, 2026 (this "Loan Agreement") between the **HOUSING AUTHORITY OF THE CITY OF SAN DIEGO** (together with its successors and assigns, the "Issuer"), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State"), created pursuant to Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "Act") and **HILLCREST HALL LP**, a California limited partnership (the "Borrower"), under the following circumstances summarized in the following recitals.

RECITALS

A. Certain of the capitalized terms used but not defined in these Recitals are defined in Article I of the below-defined Indenture.

B. The Issuer has been duly created and organized pursuant to and in accordance with the provisions of the Act. The Issuer is authorized by the Act to issue one or more series of its revenue bonds and loan the proceeds thereof to finance, among other things, the acquisition, construction and development of multifamily rental housing for persons and families of low or moderate income.

C. The Borrower has requested the Issuer to issue its $18,200,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) (the "Bonds"), the proceeds of which will be utilized to make a loan to the Borrower for purposes of funding a portion of the costs of the acquisition, construction and equipping of an approximately 98-unit (including one manager's unit) multifamily rental housing development to be located within the City of San Diego, California known or to be known as Hillcrest Hall (as more particularly described herein, the "Project").

D. Pursuant to and in accordance with the Act, the Issuer desires to provide funds to finance a portion of acquiring, constructing, and equipping of the Project by issuing the Bonds, pursuant to a Trust Indenture by and between the Issuer and U.S. Bank Trust Company, National Association, as Trustee, of even date herewith (the "Indenture").

E. The proceeds of the Bonds will be used to make a loan to the Borrower (the "Loan") which will be evidenced by this Loan Agreement and a promissory note dated the date of delivery of the Bonds (the "Note") from the Borrower to the Issuer.

F. The obligations of the Borrower under this Loan Agreement and the Note will be secured by the Trust Estate (as defined in the Indenture) established under the Indenture.

G. Concurrently herewith, the Issuer will issue and sell its $[TAXABLE PAR] Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) (the "Taxable Bonds"), and use the proceeds thereof to make a loan to the Borrower, upon the terms and conditions of a Trust Indenture dated the date hereof, between the Issuer and the Trustee, and a Loan Agreement dated as of the date hereof, between the Issuer and the Borrower, for purposes of funding a portion of the costs of the Project.

H. Citibank, N.A. (in such capacity, the "Mortgage Lender") has agreed to provide a taxable construction loan (the "Mortgage Loan") to the Borrower, the proceeds of which shall be advanced pursuant to the Mortgage Loan Documents and used (i) to finance a portion of the costs of acquiring, constructing, and equipping of the Project and (ii) to make deposits into the Collateral Fund. The Mortgage Lender will administer the Mortgage Loan in accordance with the Mortgage Loan Documents.

I. Pursuant to that certain Forward Commitment Agreement dated [_____ __, 2026] (as may be amended, modified or supplemented from time to time, the "Forward Commitment Agreement"), between Citibank, N.A. (in such capacity, "Citibank") and the Borrower, Citibank has agreed, subject to the satisfaction of the terms and conditions set forth therein (the "Conditions to Funding"), to make a loan to the Issuer in the maximum principal amount of $18,200,000 (the "Funding Loan") pursuant to the provisions of the Funding Loan Agreement to be evidenced by the Governmental Lender Note on the Initial Mandatory Tender Date or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds (such date being the "Funding Date") which proceeds shall be deposited into the Funding Loan Fund and will be used by the Trustee to pay the purchase price of the Bonds as described below.

J. The Bonds shall be subject to mandatory tender on the Initial Mandatory Tender Date in accordance with Section 3.01 of the Indenture, and on the Funding Date: (i) the purchase price of the Bonds shall be paid by the Trustee with the proceeds of the Funding Loan received from Citibank to purchase the Governmental Lender Note, (ii) the Funding Loan Agreement in substantially the form attached to the Indenture as Appendix C and the Borrower Loan Agreement in substantially the form attached to the Indenture as Appendix D shall be delivered by the respective parties and become effective and shall supersede the Indenture and this Loan Agreement, respectively, (iii) the Bonds shall be removed from the Book-Entry System and exchanged for a physical note (the "Governmental Lender Note"), in the form attached as Exhibit A to the Funding Loan Agreement, which shall be purchased by Citibank, and (iv) a portion of the Mortgage Loan in an amount equal to the Outstanding principal amount of the Bonds shall be repaid with amounts on deposit in the Collateral Fund.

AGREEMENTS

NOW THEREFOR, the parties hereto, intending to be legally bound hereby, and for and in consideration of the premises and the mutual representations, agreements and covenants hereinafter contained, do hereby covenant, agree and bind themselves as follows; provided that any obligation of the Issuer created by or arising out of this Loan Agreement shall never constitute a debt or a pledge of the faith and credit or the taxing power of the State, but shall be payable solely out of the Trust Estate (as defined in the Indenture), anything herein contained to the contrary by implication or otherwise notwithstanding.

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. All capitalized, undefined terms used herein shall have the same meanings as used in Article I of the Indenture.

Section 1.02. Uses of Phrases. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "Bondholder," "Holder," "Owner," "registered Holder" and "person" shall include the plural as well as the singular number, and the word "person" shall include corporations and associations, including public bodies, as well as persons. Any percentage of Bonds, specified herein for any purpose, is to be figured on the unpaid principal amount thereof then Outstanding. All references herein to specific sections of the Code refer to such sections of the Code and all successor or replacement provisions thereto.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.01. Representations and Covenants of the Issuer. The Issuer represents and covenants the following, as of the date hereof:

(a) The Issuer is a public body, corporate and politic, duly organized and validly existing under the laws of the State.

(b) The Issuer has found, based on the representations of the Borrower, and hereby declares that the issuance of the Bonds to assist with the financing or refinancing of the Project is in furtherance of the public purposes set forth in the Act.

(c) In order to finance or refinance the costs of the Project in an amount estimated by the Borrower, the Issuer has duly authorized the execution, delivery, and performance on its part of the Bond Purchase Agreement, the Indenture and this Loan Agreement.

(d) To accomplish the foregoing, the Issuer proposes to issue $18,200,000 in aggregate principal amount of its Bonds immediately following the execution and delivery of this Loan Agreement. To the date, denomination or denominations, interest rate or rates, maturity schedule, redemption provisions and other pertinent provisions with respect to the Bonds are set forth in the Indenture.

(e) The Issuer has not pledged, assigned, or granted, and will not pledge, assign, or grant any of its rights or interest in or under this Loan Agreement for any purpose other than as provided for in the Indenture.

(f) The Issuer makes no representation or warranty, express or implied, that the amount of the Loan will be sufficient to finance the construction and equipping of the Project or that the Project will be adequate or sufficient for the Borrower's intended purposes.

Section 2.02. Representations, Covenants and Warranties of the Borrower and the General Partner. The Borrower and the General Partner, as applicable, represent, covenant and warrant that:

(a) ***Good Standing; Single-Purpose Covenants***.

(i) The Borrower (A) is a limited partnership duly organized and existing under the laws of the State, (B) has the power to own its property and to carry on its business as now being conducted and as contemplated by this Loan Agreement and the Tax Certificate, and (C) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, including, but not limited to, the State. The Borrower's business and purpose shall consist solely of the ownership, development, operation and management of the Project and such other lawful activities as are incidental, necessary or appropriate thereto. The Borrower shall not assume or guaranty any other person's indebtedness or obligations. The Borrower shall not dissolve or liquidate, in whole or in part, consolidate or merge with or into any other entity or convey, transfer or lease its property and assets substantially as an entirety to any entity. The Borrower shall not institute or consent to any bankruptcy, insolvency or reorganization proceedings with respect to it, consent to the appointment of a receiver or similar official with respect to it, make any assignment for the benefit of its creditors or admit in writing its inability to pay its debts generally as they become due.

The Borrower shall: maintain books and records and bank accounts separate from those of any other person; conduct its business in its own name and use separate stationery, invoices and checks; maintain its assets in such a manner that it is not costly or difficult to segregate and identify such assets; observe all organizational formalities and hold itself out to creditors and the public as a legal entity separate and distinct from any other entity; prepare separate tax returns and financial statements, or if part of a consolidated group, then be shown thereon as a separate member of such group; allocate and charge fairly and reasonably any common employee or overhead shared with affiliates; and transact all business with affiliates on an arm's-length basis and pursuant to enforceable agreements. The Borrower shall not commingle its assets or funds with those of any other person.

(ii) The General Partner (A) is, with respect to Hillcrest Hall AGP LLC, a California limited liability company, with respect to E. Smith Hillcrest Hall LLC, a California limited liability company, and with respect to Bold Hillcrest LLC, a California limited liability company, each duly organized and existing in good standing under the laws of the State of California and is authorized to transact business in the State, (B) has the power to own its property and to carry on its business as now being conducted and as contemplated by this Loan Agreement, and the Tax Certificate, and (C) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary,

including, but not limited to, the State. The General Partner's business and purpose shall consist solely of acting as the General Partner of the Borrower. The General Partner shall not dissolve or liquidate, in whole or in part, consolidate or merge with or into any other entity or convey, transfer or lease its property and assets substantially as an entirety to any entity. The General Partner shall not, with respect to itself or the Borrower, institute or consent to any bankruptcy, insolvency or reorganization proceedings, consent to the appointment of a receiver or similar official, make or consent to any assignment for the benefit of creditors or admit in writing its or the Borrower's inability to pay debts generally as they become due.

The General Partner shall: maintain books and records and bank accounts separate from those of any other person; conduct its business in its own name and use separate stationery, invoices and checks; maintain its assets in such a manner that it is not costly or difficult to segregate and identify such assets; observe all organizational formalities and hold itself out to creditors and the public as a legal entity separate and distinct from any other entity; prepare separate tax returns and financial statements, or if part of a consolidated group, then be shown thereon as a separate member of such group; allocate and charge fairly and reasonably any common employee or overhead shared with affiliates; and transact all business with affiliates using reasonable and customary terms pursuant to enforceable agreements. The General Partner shall not commingle its assets or funds with those of any other person.

(b) ***Authority***. The Borrower and the General Partner have full power and authority to (i) execute and deliver the Borrower Documents and Mortgage Loan Documents, (ii) consummate all of the transactions contemplated hereby and thereby, and (iii) incur their respective obligations provided for herein and therein, all of which have been duly authorized by all proper and necessary corporate action. All consents or approvals of any public authority which are required as a condition to the validity of this Loan Agreement, the Tax Certificate, the Note, the Bond Purchase Agreement, and the Tax Regulatory Agreement have been obtained.

(c) ***Binding Agreements***. The Borrower Documents and Mortgage Loan Documents have been properly executed by a duly authorized representative of the Borrower and the General Partner (as applicable) and constitute valid and legally binding obligations of the Borrower, and are fully enforceable against the Borrower in accordance with their respective terms, subject to bankruptcy, insolvency or other laws affecting creditors' rights generally, and with respect to certain remedies which require, or may require, enforcement by a court of equity, such principles of equity as the court having jurisdiction may impose.

(d) ***Litigation***. To the knowledge of the Borrower, there is no litigation or proceeding pending or threatened against the Borrower, the General Partner or the Project before any court or administrative agency which, if determined adversely to the Borrower, will materially adversely affect the Borrower or the Project, or the authority of the Borrower to enter into or perform under the Borrower Documents and Mortgage Loan Documents.

(e) ***Conflicts; Defaults***. There is (i) no provision of the Borrower's or the General Partner's organizational documents or resolutions of the Borrower and no provision of any existing mortgage, indenture, contract or agreement binding on the Borrower or the General Partner or affecting any of the Borrower's property and (ii) to the Borrower's or the General Partner's knowledge, no provision of law or order of court binding upon the Borrower or the General Partner or affecting any of the Borrower's property, in either case which would conflict with or in any way prevent the execution, delivery, or performance of the terms of the Borrower Documents and Mortgage Loan Documents, or which would be in default or violated as a result of such execution, delivery or performance. The Borrower is not in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which it is a party.

(f) ***Title to Project***. The Borrower has or will have on the Closing Date good and marketable fee interest in the land constituting the site of the Project, free and clear of any liens or encumbrances, other than the Permitted Encumbrances. The Borrower possesses, and will at all times possess, all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted or as it is intended to be conducted with respect to the Project, without known conflict with any rights of others.

(g) ***Indenture***. The Indenture has been submitted to the Borrower for its examination, and the Borrower acknowledges, by execution of this Loan Agreement, that it has reviewed the Indenture, and it hereby consents to the Indenture and agrees to be bound by its terms. The Borrower agrees to perform fully and faithfully all the duties and obligations which the Issuer has covenanted and agreed to in the Indenture to cause the Borrower to perform all the Borrower's Obligations and any duties and obligations which the Borrower or the Issuer is required by the Indenture to perform. The foregoing shall not apply to any duty or undertaking of the Issuer which, by its nature, cannot be delegated or assigned.

(h) ***Events Affecting Tax Exemption***. The Borrower has not taken or permitted to be taken any action that would impair the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds, and the Borrower has never been advised that the interest is or will be subject to inclusion in gross income. As of the Closing Date, the Borrower is in compliance with all requirements contained in the Tax Certificate, and the representations set forth in the Tax Certificate pertaining to the Borrower and the Project are true and accurate in all material respects. Notwithstanding the above, if the Borrower becomes aware of any situation, event or condition which would result in the interest on the Bonds being included in gross income for federal income tax purposes, the Borrower shall promptly give written notice thereof to the Issuer and the Trustee.

(i) ***Compliance With Laws***. The Project is of the type authorized and permitted by the Act and will, from the Closing Date forward, be operated in compliance with the provisions of the Act and the provisions of the Code applicable thereto. The Borrower will use due diligence to cause the Project to be operated in accordance with the Act and all other applicable laws, rulings, regulations and ordinances of the State and the departments,

agencies and political subdivisions thereof. The Borrower has obtained or will cause to be timely obtained all requisite approvals of the State and of other federal and local governmental bodies required for the operation of the Project.

(j) ***No Material Misstatements***. The representations and warranties of the Borrower contained in the Borrower Documents and Mortgage Loan Documents (including, without limitation, any information furnished by the Borrower in connection with the preparation of any materials related to the issuance or delivery of the Bonds on the Closing Date), contain no material misstatement of fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. The representations and warranties of the Borrower and the statements, information and descriptions contained in the Official Statement (excluding the information under the captions "THE ISSUER," "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "TAX MATTERS," "UNDERWRITING," "CERTAIN LEGAL MATTERS," "ABSENCE OF LITIGATION – The Issuer," "THE TRUSTEE," and the information in each of Appendix A, B, C, D and F) and in the Borrower's closing certificates, as of the Closing Date, are true, correct and complete in all material respects, do not contain any untrue statement or misleading statement of material fact, and do not omit to state a material fact necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in light of the circumstances under which they were made, not misleading. The estimates and assumptions contained in this Loan Agreement and in any certificate of the Borrower delivered as of the Closing Date are reasonable and based on the most accurate information available to the Borrower.

No oral or written statement, furnished by or on behalf of the Borrower to the Issuer or the Underwriter in connection with the transactions contemplated hereby, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein not misleading. There are no facts that the Borrower has not disclosed to the Issuer or the Underwriter of the Bonds in writing that materially and adversely affect or in the future may (so far as the Borrower can now reasonably foresee) materially and adversely affect the properties, business, prospects, profits, or condition (financial or otherwise) of the Borrower, or the ability of the Borrower to perform its obligations under the Borrower Documents or any documents or transactions contemplated hereby or thereby.

(k) ***Interest of Member or Agent of Issuer***. To the knowledge of the Borrower, no Issuer Indemnified Party has had or has, in any manner, significant or conflicting interest, financial, employment or otherwise, directly or indirectly, in that person's own name or in the name of any other persons, in the loan of the bond proceeds, the Bonds, the Documents, the Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Documents.

(l) ***Arbitrage Bonds***. The Borrower covenants and agrees that it will not use or permit the use of any funds provided by the Issuer hereunder or any other funds of the Borrower directly or indirectly, in a manner which would, or enter into, or allow any

"related person" (as defined in Code Section 147(a)(2)) to enter into, any arrangement, formal or informal, for the purchase of the Bonds that would, or take or omit to take any action that would, to the knowledge of the Borrower, cause the Bonds to be an "arbitrage bond" within the meaning of Code Section 148 or "federally guaranteed" within the meaning of Code Section 149(b) and the applicable regulations promulgated from time to time thereunder. The Borrower further covenants to comply with the covenants and procedures set forth in Section 4.06 of the Indenture and the Tax Certificate and to deposit in the Rebate Fund such amount as may be necessary to maintain the deposit in the Rebate Fund at the Rebate Amount. Finally, the Borrower covenants to pay to the Trustee for deposit in the Expense Fund, or to pay directly, all sums necessary to retain or pay the fees and expenses of the Rebate Analyst.

(m) ***Tax Returns***. The Borrower has filed or caused to be filed all required federal, state and local tax returns and has paid all taxes as shown on such returns as such taxes have become due. No claims have been assessed and are unpaid with respect to such taxes.

(n) ***No Reliance on Issuer***. The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project; and that it has not relied on the Issuer or its counsel for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bonds.

(o) ***Fees, Expenses and Indemnification***. The Borrower shall pay all fees (including, without limitation, the Issuer Fees and Expenses), all indemnification payments due hereunder, the fees and expenses of the Trustee (including, without limitation, all indemnification payments and attorney's fees and expenses), the Trustee's Fee and the fees of the Rebate Analyst, all as provided in the Indenture and in this Loan Agreement.

(p) ***Place of Business of Borrower***. The Borrower has a place of business in the State.

(q) ***Name of Borrower; Federal Employer Identification***. The Borrower filed a Certificate of Limited Partnership with the State and since its date of filings has done business only under the name of "Hillcrest Hall LP" and the Borrower's federal employer identification number is 93-2120578.

(r) ***Governmental Requirements***. To the Borrower's knowledge, no violation of any Governmental Requirement exists with respect to the Project, the Borrower, or any other asset of the Borrower. The Project and the use thereof (as it is proposed to be operated) conforms in all material respects with all applicable zoning, planning, development, building, water conservation, pollution control, environmental and other laws, rules, ordinances and regulations of Governmental Authorities having jurisdiction

over the Project, all necessary utilities are or will be available to the Project, and the Borrower has obtained or will obtain all requisite zoning approvals necessary with respect to the Project.

(s) ***Condemnation***. No condemnation, eminent domain or similar proceeding is pending, or to the knowledge of the Borrower, threatened, with respect to the Project or any portion thereof.

(t) ***Governmental Approvals***. The Borrower has obtained, or will obtain and has maintained as currently in full force and effect, or will be in full force and effect, all consents, and permits, licenses, accreditations, certifications and other approvals (governmental or otherwise) that:

(i) would constitute a condition precedent to, or the absence of which would materially adversely affect, the enforceability of and the performance by the Borrower of its obligations hereunder; and

(ii) are necessary for the acquisition, construction, financing and operation of the Project and to enter into, execute and perform its obligations under this Loan Agreement and the other Borrower Documents.

(u) ***Investment***. Except during the continuance of a Default, the Borrower shall have a duty to direct the Trustee to invest or reinvest all money held for the credit of funds established by the Indenture in accordance with Section 4.06 of the Indenture and Article VI of the Indenture.

Section 2.03. Additional Representations, Warranties and Undertakings of the Borrower and the General Partner. The Borrower and the General Partner, as applicable, make the following additional representations as the basis for their covenants and agreements herein:

(a) The execution and delivery of the Borrower Documents and Mortgage Loan Documents, and the consummation of the transactions herein and therein contemplated, including the application of the proceeds of the Bonds as so contemplated, will not conflict with, or constitute a breach of, or default by it under its formation and governance documents, or any statute, indenture, mortgage, deed of trust, lease, note, loan agreement or other agreement or instrument to which it is a party or by which it or its properties are bound, and will not constitute a violation of any order, rule or regulation of any court or governmental agency or body having jurisdiction over it or any of its activities or properties. Additionally, the Borrower is not in breach, default or violation of any applicable statute, indenture, mortgage, deed of trust, note, loan agreement or other agreement or instrument which would allow the obligee or obligees thereof to take any action which would preclude performance under the Borrower Documents by the Borrower.

(b) There are no actions, suits or proceedings of any type whatsoever pending or, to the Borrower's or the General Partner's knowledge, threatened against or affecting the Borrower, the General Partner or either of its assets, properties or operations which, if determined adversely to it or its interests, could have a material adverse effect upon its

financial condition, assets, properties, operations, or its ability to execute, deliver and perform with respect to any of the Borrower Documents and it is not in default with respect to any order or decree of any court or any order, regulation or decree of any federal, state, municipal or governmental agency, which default would materially and adversely affect its financial condition, assets, properties or operations, or the completion of the construction of the Project.

(c) Neither any information, exhibit or report furnished to the Issuer by the Borrower in connection with the negotiation of the Borrower Documents nor any of the foregoing representations contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) The Borrower shall pay all fees, costs and expenses required to be paid by the Borrower under the terms of this Loan Agreement.

(e) None of the moneys in the Project Fund will be disbursed for or be used to pay any cost, or to reimburse the Issuer or the Borrower for any cost, which is not permitted by the Act, the Code, this Loan Agreement or the Indenture.

(f) The Project is an affordable housing community and constitutes a "project" within the provisions of the Act and is located in the City of San Diego, California.

(g) During the term of this Loan Agreement, the Borrower intends to and will utilize or cause the Project to be utilized as a "project" within the meaning of the Act as in effect on the date hereof.

(h) The Borrower will not modify the Project in any manner which would jeopardize the tax-exempt status of the Bonds or the Project's qualification as a "project" under the Act.

(i) There has been no materially adverse change in the financial condition, prospects, or business affairs of the Borrower or the feasibility or physical condition of the Project subsequent to the date on which the Issuer granted its resolution approving the issuance of the Bonds.

All representations of the Borrower contained herein and in any certificate or other instrument delivered by the Borrower pursuant to the Borrower Documents or the Indenture, or in connection with the transactions contemplated hereby or thereby, shall survive the execution and delivery thereof and the issuance, sale and delivery of the Bonds as representations of facts existing as of the date of execution and delivery of the instrument containing such representation.

Section 2.04. Tax-Exempt Status of the Bonds. The Borrower hereby represents, warrants and agrees that the Tax Certificate executed and delivered by the Borrower concurrently with the issuance and delivery of the Bonds is true, accurate and complete in all material respects as of the date on which it is executed and delivered.

Section 2.05. Notice of Determination of Taxability. Promptly after the Borrower first becomes aware of any investigation relating to the tax status of the Bonds, or a Determination of Taxability, the Borrower shall give written notice thereof to the Issuer and the Trustee at the address of each party listed in Article I of the Indenture.

Section 2.06. Governmental Lender Note. The Borrower acknowledges and agrees that the Bonds are subject to mandatory tender and exchange for the Governmental Lender Note as provided for in Section 2.12 of the Indenture.

ARTICLE III

CONSTRUCTION OF THE PROJECT; ISSUANCE OF THE BONDS

Section 3.01. Agreement To Construct the Project. The Borrower agrees to make all contracts and do all things necessary for the construction of the Project.

Section 3.02. Agreement To Issue, Sell and Deliver the Bonds; Deposit of Bond Proceeds. In order to provide funds for the payment of the Costs of the Project, the Issuer, concurrently with the execution of this Loan Agreement, will issue, sell, and deliver the Bonds and deposit the proceeds thereof with the Trustee, which amounts shall be immediately deposited as set forth in the Indenture.

Section 3.03. Disbursements From the Project Fund. In the Indenture, the Issuer has authorized and directed the Trustee to make disbursements from the Project Fund to pay Costs of the Project upon satisfaction of the requirements of the Indenture. The Trustee is directed in the Indenture to make disbursements from the Project Fund as provided in the Indenture, and pursuant to the receipt of a Requisition, approved by the Mortgage Lender, in substantially the form attached to the Indenture as Appendix B.

The Borrower's right to request disbursements from the Project Fund is limited to the principal amount of the Loan and conditioned upon the deposit of Eligible Funds into the Collateral Fund as set forth in the Indenture.

Section 3.04. Furnishing Documents to the Trustee. The Borrower agrees to cause such Requisitions to be delivered to the Trustee as may be necessary to effect payments out of the Project Fund in accordance with Section 3.03 hereof.

Section 3.05. Establishment of Completion Date.

(a) The Borrower Representative shall evidence completion of the Project and the actual date of completion to the Issuer and the Trustee (with copies to the Investor Limited Partner and Mortgage Lender) by an executed Completion Certificate. The Completion Certificate shall be executed by the Borrower Representative and shall state to the best information and belief of the Borrower, after due inquiry, that, except for amounts retained (subject to the provisions of this Section 3.05) by the Trustee at the Issuer's or the Borrower's direction and amount retained under the Mortgage Loan for any costs not then due and payable or costs due and payable, the payment of which is being diligently contested in good faith, construction of the Project has been substantially completed in

material compliance with all applicable laws, regulations and agreements, and all costs of labor, services, materials and supplies used in the Project have been paid or provisions have been made for their payment, all equipment necessary for the operation of the Project has been purchased, installed and paid for, is suitable and sufficient for its intended purposes, and is fully operable, all costs and expenses incurred in connection with the Project have been paid except for amounts not yet due and payable or being diligently contested in good faith by the Borrower, and the multifamily units in the Project are suitable and sufficient for its intended purposes. Notwithstanding the foregoing, the Completion Certificate shall further state that it is given without prejudice to any rights of the Borrower against third parties which exist at the date of the Completion Certificate or which may subsequently come into being. The Completion Certificate shall be furnished by the Borrower to the Issuer and the Trustee (with copies to the Investor Limited Partner and Mortgage Lender) promptly following the completion of the Project.

(b) Any amount (exclusive of amounts retained by the Trustee in the Project Fund for payment of Costs of the Project not then due and payable) of proceeds of the Bonds remaining in the Project Fund upon the Completion Date shall be transferred by the Trustee into the Bond Fund and used by the Trustee (i) to pay the principal of and interest on the Bonds or (ii) for any other purpose provided that the Trustee is furnished with an opinion of Bond Counsel to the effect that such use is lawful under the Act and will not cause interest on the Bonds to be included in gross income for federal income tax purposes. Until used for one or more of the foregoing purposes, such segregated amount may be invested as permitted by the Indenture provided that prior to any such investment the Trustee is provided with an opinion of Bond Counsel to the effect that such investment will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 3.06. Borrower Required To Pay in the Event Project Fund Is Insufficient. In the event the moneys in the Project Fund are not sufficient to pay the Costs of the Project in full, the Borrower agrees to complete the Project and to pay that portion of the Costs of the Project in excess of the moneys available therefor in the Project Fund. The Issuer does not make any warranty, either express or implied, that the moneys paid into the Project Fund and available for payment of the Costs of the Project will be sufficient to pay all of the Costs of the Project. The Borrower agrees that if after exhaustion of the moneys in the Project Fund, the Borrower shall pay any portion of the Costs of the Project pursuant to the provisions of this Section, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds, nor shall the Borrower be entitled to any diminution of the amounts payable under this Loan Agreement.

Section 3.07. Special Arbitrage Certifications. The Borrower and the Issuer (to the extent reasonably within its control), each individually, covenant (i) not to take any action (required of the Borrower or the Issuer, respectively, under the Documents) or fail to take any action which would cause the interest on any of the Bonds to be or become includable in the gross income of the Holders for federal income tax purposes and (ii) not to cause or direct any moneys on deposit in any fund or account to be used in a manner that would cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code. The Borrower certifies and covenants to and for the benefit of the Issuer and the Holders of the Bonds that so long as there are

any Bonds Outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner that will cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 3.08. Rebate Calculations and Payments. By the end of each and every fifth Bond Year and upon the final maturity date of the Bonds or any earlier date of redemption of the Bonds in whole, or at such other times as required by the Tax Certificate, the Borrower shall cause the Rebate Analyst to calculate the Rebate Amount as of the end of the five Bond Year period or the date of such payment and the Rebate Analyst shall notify the Trustee, the Borrower and the Investor Limited Partner of that amount. If the amount then on deposit in the Rebate Fund created under the Indenture is less than the Rebate Amount (taking into account the amount or amounts, if any, previously paid to the United States), the Borrower shall, within 30 days after the date of the aforesaid calculation (or such earlier time if required by the Tax Certificate), deposit or cause to be deposited to the credit of the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to the Rebate Amount. The obligation of the Borrower to make or cause to be made such payments shall remain in effect and be binding upon the Borrower notwithstanding the release and discharge of the Indenture or the termination of this Loan Agreement. The Borrower shall obtain such records of the computations made pursuant to this Section as are required under Section 148(f) of the Code and shall retain such records for at least six years after the maturity or retirement of the Bonds.

Notwithstanding any provisions of this Article III, if the Borrower shall provide to the Issuer and the Trustee an opinion of Bond Counsel addressed to the Issuer that any specified action required under this Article III or Section 4.06 of the Indenture is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Issuer, the Trustee and the Borrower may conclusively rely on such opinion in complying with the requirements of this Article III and Section 4.06 of the Indenture and be protected in so doing, and the covenants hereunder shall be deemed to be modified to that extent.

Notwithstanding anything herein to the contrary, in the event of any conflict between the requirements hereof and those of the Tax Certificate, the Tax Certificate shall control.

Section 3.09. Rebate Analyst.

(a) In accordance with Section 3.08 hereof, the Rebate Analyst shall perform any calculations required under Section 4.06 of the Indenture at the sole expense of the Borrower. The Borrower shall select a Rebate Analyst acceptable to the Issuer, the expense of which shall be borne by the Borrower, and the Borrower shall give prompt notice in writing to the Trustee of such appointment. The Borrower further covenants that, during the term of the Bonds, in the event the Borrower sells or otherwise disposes of the Project, it will require that the transferee execute a covenant similar to that in this Section in the sale or other documents concerning the disposition and will require such transferee to include such a covenant in future transfer documents. The special covenants of the Borrower in this Section shall survive the defeasance or payment in full of the Bonds notwithstanding any other provision of this Loan Agreement until the requirements for payment of any Rebate Amount has been fully satisfied.

(b) Notwithstanding anything to the contrary herein, the Issuer is permitted to replace any Rebate Analyst selected by the Borrower, at the sole expense of the Borrower, insofar as the Issuer determines that such Rebate Analyst is unable to comply with the requirements of the Tax Certificate or properly prepare the computations related to arbitrage compliance with respect to the Bonds.

(c) To the extent the Borrower engages a Rebate Analyst to make calculations related to arbitrage compliance with respect to the Bonds and such calculations are used in connection with the filing of Internal Revenue Service Form 8038T (or similar or subsequent form) related to the Bonds, the Borrower agrees that such Rebate Analyst or other similar authorized professional will sign such Form 8038T as an authorized paid preparer which satisfies applicable Internal Revenue Service requirements. Insofar as the Borrower is unable to engage an authorized paid preparer to sign such forms related to arbitrage compliance with respect to the Bonds, the Issuer is permitted to engage its own Rebate Analyst and authorized paid preparer at the sole expense of the Borrower.

ARTICLE IV

LOAN PROVISIONS

Section 4.01. Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in this Loan Agreement and the Indenture, to lend to the Borrower the proceeds received by the Issuer from the sale of the Bonds. Such proceeds shall be disbursed to or on behalf of the Borrower as provided in Section 3.03 hereof.

Section 4.02. Amounts Payable.

(a) The Borrower hereby covenants and agrees to repay the Loan on or before any date that any payment of interest or principal is required to be made in respect of the Bonds pursuant to the Indenture, until the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, in immediately available funds, a sum which, together with any other moneys available for such payment in any account of the Bond Fund, will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or acceleration or otherwise) and interest on the Bonds as provided in the Indenture. Payments by the Trustee of principal of and interest on the Bonds from amounts in the Bond Fund shall be credited against the Borrower's obligation to pay principal and interest on the Loan. The Borrower also covenants and agrees to pay any additional interest, taxes or penalties that may be due as a result of a Determination of Taxability.

It is understood and agreed that all payments of principal and interest payable by the Borrower under Section 4.02(a) above are assigned by the Issuer to the Trustee for the benefit of the Holders of the Bonds (excluding amounts on deposit in the Rebate Fund). The Borrower consents to such assignment.

(b) In the event the Borrower should fail to make any of the payments required in this Section 4.02, the item or installment so in default shall continue as an obligation of

the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon, to the extent permitted by law, from the date when such payment was due, at the rate of interest borne by the Bonds.

Section 4.03. Fees and Expenses. On the Closing Date, the Borrower agrees to cause to be deposited amounts into the Costs of Issuance Fund or to cause to be deposited with the Title Company amounts to be paid in accordance with the Closing Memorandum as required under the Indenture, to pay: the Issuer Fee and any other Issuer Fees and Expenses (as provided in the immediately following paragraph), rating agency fees, the Trustee's Fee, and the Trustee's fees and expenses due and payable on the Closing Date (including the fees and expenses of their respective counsel actually incurred) in connection with the issuance of the Bonds and the performance of their duties in connection with the transactions contemplated hereby, including, without limitation, all costs of recording and filing, to the extent such fees and expenses are not otherwise paid from the Costs of Issuance Fund in accordance with Section 4.07 of the Indenture. Following the Closing Date, all fees, charges, costs and expenses, including counsel fees and expenses, of the parties involved in the financing of the Project, including the Issuer Fees and Expenses (as provided in the immediately following paragraph), the Trustee's Fee, the Remarketing Agent's Fee and the fees of the Rebate Analyst, shall be paid by the Borrower (i) directly to the parties entitled thereto for their own account, or (ii) to the Trustee for deposit to the funds and accounts established under the Indenture if otherwise required thereunder, as and when such amounts become due and payable. The Borrower will also pay any expenses actually incurred in connection with any redemption, underwriting or remarketing of the Bonds or amendments or modifications to the Documents. Specifically, and without limiting the foregoing, the Borrower agrees to pay to the Issuer, the Trustee or to any payee designated by the Issuer, within 30 days after receipt of request for payment thereof, all fees or expenses of the Issuer and the Trustee actually incurred and related to the Project and the financing thereof which are not paid from the funds held under the Indenture, including, without limitation, reasonable legal fees and expenses incurred in connection with the enforcement or amendment of any documents relating to the Project or the Bonds or in connection with questions or other matters arising under such documents.

The Borrower agrees to pay (i) the Issuer Fee to the Trustee or the Title Company, as applicable, for further payment to the Issuer on the Closing Date, (ii) the amounts, if any, payable in connection with the Reserved Rights (including, without limitation, the Issuer Fees and Expenses) to the Trustee for deposit in the Expense Fund for further payment to the Issuer when due, and (iii) to the applicable recipient, any and all payments due to any Issuer Indemnified Party with respect to the indemnification provisions hereunder. The Borrower agrees that the payments to the Issuer under this Loan Agreement shall be a net return to the Issuer over and above any taxes or charges of any nature that may currently or hereafter be imposed on the receipts of the Issuer under this Loan Agreement.

The obligations of the Borrower under this Section shall survive the termination of this Loan Agreement and the payment and performance of all of the other obligations of the Borrower hereunder and under the other Borrower Documents, including the Tax Regulatory Agreement.

Section 4.04. Obligations of the Borrower Unconditional. The obligations of the Borrower to make the payments required under this Loan Agreement, and to perform and observe

the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any right of notice, setoff, recoupment or counterclaim it might otherwise have against the Issuer, the Trustee or any other person. Subject to termination as provided herein, the Borrower (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for under this Loan Agreement, (ii) will perform and observe all of its other agreements contained in this Loan Agreement and (iii) will not terminate this Loan Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Loan Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, whether express or implied.

Section 4.05. Remarketing of Bonds. The Borrower is hereby granted the right to (i) request a remarketing of the Bonds in the manner and to the extent set forth in Section 3.03 of the Indenture and (ii) with the written consent of the Remarketing Agent (which consent shall not be unreasonably withheld), designate the length of the Remarketing Period and the related Mandatory Tender Date in the manner and to the extent set forth in Sections 3.01 and 3.03 of the Indenture. Notice of any such Remarketing Period and the related Mandatory Tender Date also shall be delivered to the Issuer, the Investor Limited Partner, the Mortgage Lender and the Trustee not later than 15 days prior to the Mandatory Tender Date.

Section 4.06. Mortgage Loan to Borrower; Eligible Funds. Contemporaneously with the issuance of the Bonds, it is expected that the Borrower shall proceed with obtaining the Mortgage Loan from the Mortgage Lender. In particular, the Borrower will promptly take all necessary actions on its part to close the Mortgage Loan.

In consideration of and as a condition to the disbursement of Bond proceeds in the Project Fund to pay Project Costs, and to secure the Borrower's obligation to make Loan Payments, the Borrower shall cause the Mortgage Lender, from time to time, to deliver Eligible Funds to the Trustee for deposit into the Collateral Fund to enable the Trustee to disburse an equal amount of Bond proceeds from the Project Fund, as approved by the Mortgage Lender in connection with a completed and fully executed Requisition, in substantially the form attached to the Indenture as Appendix B.

ARTICLE V

SPECIAL COVENANTS

Section 5.01. No Warranty of Condition or Suitability by Issuer. THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY AS TO THE PROJECT OR THE CONDITION THEREOF, OR THAT THE PROJECT WILL BE SUITABLE FOR THE PURPOSES OR NEEDS OF THE BORROWER. THE ISSUER MAKES NO

REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY THAT THE BORROWER WILL HAVE QUIET AND PEACEFUL POSSESSION OF THE PROJECT. THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY PART OF THE PROJECT OR ITS SUITABILITY FOR THE BORROWER'S PURPOSES.

Section 5.02. Access to the Project. The Borrower agrees that the Issuer, the Trustee and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect the Project and the construction thereof at all reasonable times upon prior written notice, and at all times subject to right of tenants under their leases. The Borrower acknowledges that the Issuer, the Trustee and/or their duly authorized agents will monitor the construction of the Project. The Issuer and its duly authorized agents shall also be permitted, at all reasonable times upon prior written notice, to examine the books, accounts, contracts, documents, and other papers of the Borrower with respect to the Project which shall all be maintained by the Borrower in reasonable condition and for audit.

Section 5.03. Further Assurances and Corrective Instruments; Issuer's Performance Covenants.

(a) Subject to Section 5.03(b) below, the Issuer and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Loan Agreement.

(b) The Issuer shall have no liability or obligation with respect to the payment of the purchase price of the Bonds. None of the provisions of this Loan Agreement shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the Trust Estate, or the Issuer shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Issuer shall not be under any obligation hereunder to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or provided by the Trustee or the Borrower. The Issuer covenants that it will faithfully perform (to the extent within its reasonable control) at all times any and all covenants, undertakings, stipulations, and provisions expressly contained in this Loan Agreement, the Indenture, in any and every Bond executed, authenticated, and delivered under the Indenture; provided, however, that the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until (i) it shall have been requested to do so by the Guarantor, the Borrower or the Trustee, and (ii) the Issuer shall have received the instrument to be executed and, at the Issuer's option, shall have received from the Borrower assurance satisfactory to the Issuer that the Issuer shall be reimbursed for its expenses incurred or to be incurred in connection with taking such action or executing such instrument.

Section 5.04. Issuer and Borrower Representatives. Whenever under the provisions of this Loan Agreement the approval of the Issuer or the Borrower is required or the Issuer or the Borrower is required to take some action at the request of the other, such approval or such request shall be given in writing both for the Issuer by an Authorized Issuer Representative and for the Borrower by a Borrower Representative. The Trustee shall be authorized to act on any such approval or request pursuant to the Indenture and, subject to Section 10.06(c) of the Indenture, incur no liability in acting pursuant to such approval or request.

Section 5.05. Financing Statements. The Borrower shall, or shall cause to be executed and filed any and all financing statements, or any amendments thereof or continuation statements thereto, to perfect the security interests granted in the Indenture, in the manner prescribed in the Indenture. The Borrower shall pay all costs of filing such instruments and any fees and expenses (including reasonable attorney's fees and expenses) associated therewith.

Section 5.06. Borrower Receipt of Insurance or Condemnation Proceeds. In the event the Borrower receives any proceeds of insurance or any condemnation awards with respect to the Project, the Borrower shall promptly upon receipt remit all such insurance proceeds or condemnation awards to the Mortgage Lender to the extent required by the Mortgage Loan Documents. Such proceeds shall be used to either reduce the indebtedness evidenced by the Mortgage Loan Documents or to repair or restore the loss caused to the Project pursuant to the terms and conditions of the Mortgage Loan Documents.

Section 5.07. Borrower's Obligations Upon Tender of Bonds. If any tendered Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Collateral Fund, the Negative Arbitrage Account of the Bond Fund, or the Project Fund as provided in Section 3.01(e) of the Indenture for the purpose of paying the purchase price of such Bond, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount equal to the amount by which the principal amount of all Bonds tendered and not remarketed, together with interest accrued to the Mandatory Tender Date, exceeds the amount otherwise available pursuant to Section 3.01(e) of the Indenture.

Section 5.08. [Reserved].

Section 5.09. Prepayment. Provided no Event of Default shall have occurred or be continuing, at any time the Bonds are subject to optional redemption in accordance with applicable provisions of the Indenture, the Borrower may prepay the Loan by directing the Issuer in writing to direct the Trustee to call Bonds for optional redemption in whole or in part in accordance with the applicable provisions of Section 3.05 of the Indenture providing for optional redemption at the price stated in the Indenture, from amounts held in the Collateral Fund, the Project Fund, the Bond Fund (other than funds in the Negative Arbitrage Account therein), and any other Eligible Funds available or made available for such purpose at the direction of the Borrower; provided such amounts are sufficient to pay the redemption price of the Bonds in full.

Section 5.10. Annual Certificate of Authorized Borrower Representative. The Borrower will deliver to the Trustee and the Issuer within six weeks after the end of each of the Borrower's fiscal years a certificate executed by the Authorized Borrower Representative stating that:

(a) A review of the Activities of the Borrower during such fiscal year and of performance hereunder has been made under such Authorized Borrower Representative's supervision; and

(b) The Authorized Borrower Representative is familiar with the provisions of this Loan Agreement and the Tax Certificate, and to the best of such Authorized Borrower Representative's knowledge, based on such review and familiarity, the Borrower has fulfilled all its obligations hereunder and thereunder throughout such fiscal year, and there have been no defaults under this Loan Agreement or the Tax Certificate or, if there has been a default in the fulfillment of any such obligation in such fiscal year, specifying each such default known to such Authorized Borrower Representative and the nature and status thereof and the actions taken or being taken to correct such default.

Section 5.11. Continuing Disclosure. The Borrower hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Loan Agreement or the Indenture, failure of the Borrower to comply with the Continuing Disclosure Agreement shall not be considered a Default or an Event of Default hereunder or under the Indenture or a default with respect to the Bonds or the Documents. The Borrower will provide to the Trustee and the Issuer electronic copies of the annual financial statements of the Project and notices of material events provided to the Dissemination Agent pursuant to the Continuing Disclosure Agreement.

ARTICLE VI

RESTRICTION ON TRANSFER; ASSIGNMENT, SELLING, LEASING; INDEMNIFICATION

Section 6.01. Restriction on Transfer; Removal of General Partner.

(a) Except as contemplated by the Tax Regulatory Agreement or as otherwise provided for herein, the Borrower will not, directly or indirectly, by operation of law or otherwise, sell, assign, grant a deed of trust, pledge, hypothecate, transfer or otherwise dispose of the Project or any interest in the Project, and will not encumber, alienate, hypothecate, grant a security interest in or grant any other ownership or control interest whatsoever in the Project, in the leases or in the rents, issues and profits therefrom. [carve out retail space]

(b) No interest in the Borrower and no membership interest in the General Partner may be sold, conveyed, transferred, assigned, pledged or otherwise transferred, in whole or in part, directly or indirectly, by operation of law or otherwise other than the removal and replacement of the General Partner and the transfer of partnership interests in Borrower pursuant to the Partnership Agreement, subject to the terms of the Tax Regulatory Agreement.

(c) [Reserved].

(d) The Borrower will not become a party to any merger or consolidation, or agree to effect any asset acquisition or stock acquisition.

(e) The Borrower will not convert the ownership of the Project into condominium or cooperative housing corporation form of ownership other than a limited equity cooperative that is a qualified cooperative housing corporation as defined in Section 143(k)(9) of the Code.

(f) The Borrower will not seek the dissolution or winding up, in whole or in part, of the Borrower or voluntarily file, or consent to the filing of, a petition for bankruptcy, reorganization, or assignment for the benefit of creditors or similar proceedings.

(g) The Borrower will not enter into any arrangement, directly or indirectly, whereby the Borrower shall sell or transfer any property owned by it in order then or thereafter to lease such property or lease other property that the Borrower intends to use for substantially the same purpose as the property being sold or transferred without the prior written consent of the Issuer in its sole and absolute discretion.

(h) The Borrower will not take any action that would adversely affect the exclusion of interest on the Bonds from gross income, for purposes of federal income taxation nor omit or fail to take any action required to maintain the exclusion of interest on the Bonds from gross income, for purposes of federal income taxation.

(i) This Loan Agreement may not be sold, transferred or otherwise disposed of by the Borrower without the prior written consent of the Issuer (which consent shall be within the reasonable discretion of the Issuer), subject to each of the following conditions:

(i) No such assignment will relieve the Borrower from primary liability for any of its obligations hereunder (unless the Issuer agrees in writing to release the Borrower) and in the event of any such assignment, the Borrower will continue to remain primarily liable for payment of its obligations hereunder and for performance and observance of the other covenants and agreements on its part herein provided.

(ii) No such assignment will, in the opinion of Bond Counsel (all such expenses related to such opinion shall be paid by the Borrower), impair the excludability of interest on the Bonds from gross income for purposes of federal income taxation.

(iii) The assignee will assume in writing the obligations of the Borrower hereunder to the extent of the interest assigned in a form acceptable to the Issuer (the "Assumption Agreement").

(iv) Prior to any such assignment, the Borrower will, furnish or cause to be furnished to the Issuer and the Trustee an executed original of the Assumption Agreement.

(j) The Borrower shall maintain its existence as a limited partnership, not dissolve or sell, transfer or otherwise dispose of all or substantially all of its assets and not consolidate with or merge into another entity or permit one or more other entities to

consolidate with or merge into it; provided that it may do so if the surviving, resulting or transferee entity is other than the Borrower, it assumes in writing all of the obligations of the Borrower under the Borrower Documents and Mortgage Loan Documents and it has a net worth equal to or greater than that of the Borrower immediately prior to such consolidation, merger, sale or transfer. The Borrower shall not permit one or more other entities to consolidate with or merge into it; or take any action or allow any action to be taken to terminate the existence of the Borrower except as provided herein. No sale, assignment or transfer of title to the Project, except as may be otherwise required by the Mortgage Lender, shall be made unless (i) the Mortgage Lender consents to such assignment or transfer, (ii) the transferee or assignee, as the case may be, assumes all the duties of the Borrower under the Borrower Documents and Mortgage Loan Documents, provided that such assumption may contain an exculpation of the assignee from personal liability with respect to any obligation hereunder, except the Borrower's obligation to indemnify the Issuer and the Trustee and reimburse the Issuer and the Trustee for the fees and expenses of the Issuer and the Trustee, and (iii) no Event of Default as certified in writing to the Issuer and the Trustee by the Borrower shall have occurred and be continuing under the Indenture or this Loan Agreement. The Issuer shall consent to any such assignment or transfer if (A) the Mortgage Lender notifies it in writing that the aforesaid condition (i) is satisfied, (B) the Issuer and the Trustee receive an opinion of Bond Counsel to the effect that such transfer or assignment would not adversely affect the federal tax status of the Bonds, and (C) the Trustee receives written confirmation from the Rating Agency that such transfer or assignment will not result in a withdrawal or reduction in any rating on the Outstanding Bonds by the Rating Agency (if the Bonds are then rated by the Rating Agency). Upon the assumption of the duties of the Borrower by an assignee as provided herein, the outgoing Borrower shall be released from all executory obligations so assumed; provided, however, the Borrower shall not be released from its obligation to pay or reimburse the fees and expenses of the Issuer and the Trustee and to indemnify the Trustee and the Issuer without the express written consent of the Trustee and the Issuer, as applicable, which consent shall not be unreasonably withheld. Nothing contained in this Section shall be construed to supersede any provisions regarding assignment and transfer of the Project contained in the Tax Regulatory Agreement and the Mortgage Loan Documents. Notwithstanding anything to the contrary contained herein and subject to the requirements of the Tax Credit Regulatory Agreement, the Borrower Documents, or the Mortgage Loan Documents, the Issuer hereby approves of transfers in accordance with the Tax Regulatory Agreement.

Section 6.02. Indemnification by Borrower and General Partner.

(a) The Borrower and the General Partner (the "Indemnitors"), jointly and severally, hereby agree to pay, defend, protect, indemnify, and hold each of the Issuer Indemnified Parties and the Trustee harmless for, from and against any and all Liabilities directly or indirectly arising from or relating to the Bonds, the Loan, this Loan Agreement, the Project, the Borrower Documents, the Mortgage Loan Documents, the Indenture or any of the other Documents, or any document related to the issuance and sale and/or remarketing of the Bonds, including, but not limited to, the following:

(i) the issuance, offering, sale, delivery or remarketing of the Bonds or any of them;

(ii) the design, construction, installation, operation, use, occupancy, maintenance, repair, management or ownership of the Project;

(iii) the enforcement of (a) the provisions of this Loan Agreement, the other Borrower Documents and Mortgage Loan Documents and any other document executed by the Borrower in connection with issuance of the Bonds and the making of the Loan and (b) the obligations of the Borrower imposed hereby or thereby;

(iv) any statement, information, or certificate furnished by the Borrower to the Issuer which is misleading, untrue, incomplete, or incorrect in any respect;

(v) any untruthful, misleading or inaccurate information supplied by the Borrower relating to the Project, the Borrower, the Project manager or to the terms of financing relating to the Project, including, but not limited to, any breach of any representation or warranty of the Borrower set forth in the Borrower Documents and Mortgage Loan Documents or any certificate delivered pursuant thereto, and any representation, or warranty of the Borrower, or any information provided by the Borrower that contains or contained any untrue or misleading statement of fact or omits or omitted to state any material fact necessary to make the statements made therein not misleading in light of the circumstances under which they were made;

(vi) any injury to or death of any person or damage to property in or upon the Project or growing out of or connected with the repair, management, ownership, operation, use, non-use, maintenance, construction, design, installation, condition or occupancy of the Project or any part thereof, including any and all acts or operations relating to any construction, operation, use, non-use, design, management, ownership, condition, occupancy, maintenance, installation or repair performed by the Borrower in connection with the Project;

(vii) violation, breach or alleged breach of any agreement, covenant, representation, warranty or condition of this Loan Agreement, any other of the Borrower Documents or the Note;

(viii) violation of any agreement, contract, or restriction relating to the Project;

(ix) violation of any law, ordinance, or regulation affecting the Project or any part thereof or the ownership, occupancy, or use thereof;

(x) any Determination of Taxability with respect to the Bonds, including, but not limited to, the fees and expenses of the Issuer or the Trustee and their counsel with respect to such Determination of Taxability in responding to any inquiry or audit by the Internal Revenue Service;

(xi) the deposit, storage, disposal, burial, dumping, injecting, spilling, leaking, or other placement or release in on or from the Project of Hazardous Materials or the violation or alleged violation of any Hazardous Materials Law or official interpretation thereof in connection with the Project or the land on which it is located arising out of or as a result of events prior to the later of the full and final payment of the Bonds or the date of a transfer by the Borrower of all of its interests in the Project, as applicable;

(xii) all expenses reasonably incurred in the investigation of, preparation for or defense of any litigation, proceeding or investigation of any nature whatsoever related to the Project or the Bonds, commenced or threatened against the Project or an Indemnified Party;

(xiii) any action, suit, claim, demand or proceeding contesting or affecting title to the Project;

(xiv) any suit, action, administrative proceeding, enforcement action, or governmental or private action of any kind whatsoever commenced against the Project or an Indemnified Party that might adversely affect the validity or enforceability of the Bonds, the Borrower Documents and Mortgage Loan Documents, or the performance by the Borrower or by any Indemnified Party of their respective obligations under the Borrower Documents and Mortgage Loan Documents, the Indenture or any other document executed in connection therewith by the Borrower or any Indemnified Party;

(xv) information provided by the Borrower or required and failed to be furnished by the Borrower relating to the Borrower or the Project, including, without limitation, information provided by the Borrower for inclusion in the preliminary or final Official Statement or any other offering document used in connection with the sale of the Bonds, any information furnished, or required and failed to be furnished, by the Borrower in accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (if applicable), any information furnished by the Borrower for, and included in, or used as a basis for preparation of, any certifications, information statements or reports furnished by the Issuer, any other information or certification obtained from the Borrower to assure the exclusion of the interest on the Bonds from gross income of the Holders thereof for federal income tax purposes, and the transactions contemplated by the Indenture, the Bonds, and the Borrower Documents and Mortgage Loan Documents and the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Indenture and the Borrower Documents and Mortgage Loan Documents; and

(xvi) arising out of or in connection with the Trustee's acceptance or administration of the trust or trusts hereunder and under the Indenture, including the costs and expenses of the Trustee's enforcement of the provisions of the Indenture and this Loan Agreement (including this Section) and defense of itself against any claim (whether asserted by the Issuer, the Borrower, any Holder or any

other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder.

All references to the Issuer Indemnified Parties and the Trustee in this Section 6.02 shall be deemed to include all their respective past, present, and future officers, directors, members, officials, employees, commissioners, attorneys, program participants, and agents and their permitted successors and assigns (also referred to herein as "Indemnified Parties").

The Indemnitors shall indemnify and save each Indemnified Party harmless from any such Liabilities (subject to subparts (c) and (d) below) and upon notice from such Indemnified Party, the Indemnitors shall defend them or any of them in any such action or proceeding as provided in this Section 6.02.

(b) The Indemnitors also agree to pay, defend, protect, indemnify, and hold each of the Issuer Indemnified Parties harmless for, from, and against any and all Liabilities directly or indirectly arising from or relating to (a) any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by or to the Issuer pertaining to the Bonds, and (b) any fraud or misrepresentations or omissions contained in the proceedings of the Issuer relating to the issuance of the Bonds or pertaining to the financial condition of the Borrower or the Guarantor which, if known to the Underwriter and the investors initially purchasing the Bonds from the Underwriter, might be considered a factor in such Person's decision to purchase the Bonds; provided, however, nothing in this subsection shall be deemed to provide the Issuer with indemnification for the Issuer's omissions or misstatements contained in the Official Statement under the captions "THE ISSUER" or "ABSENCE OF LITIGATION – The Issuer", as it relates to the Issuer.

(c) This Section 6.02 is intended to provide indemnification by the Indemnitors to the Trustee, but such indemnification shall not be provided to the Trustee in connection with Liabilities arising from the negligence or willful misconduct of the Trustee.

(d) This Section 6.02 is intended to provide indemnification by the Indemnitors to each Issuer Indemnified Party for his, her or its active or passive negligence or misconduct; provided, however, that nothing in this Section 6.02 shall be deemed to provide indemnification to any Issuer Indemnified Party with respect to any Liabilities arising from the successful allegation of fraud or willful misconduct of such Issuer Indemnified Party, as determined by a final decision of a court of competent jurisdiction.

(e) Any Indemnified Party entitled to indemnification hereunder shall notify the Indemnitors of the existence of any claim, demand, or other matter to which the Indemnitors' indemnification obligation applies, and shall give the Indemnitors a reasonable opportunity to defend the same at its own expense and with counsel satisfactory to the Indemnified Party; provided that the Indemnified Party shall at all times also have the right to fully participate in the defense. If the Indemnified Party is advised in an opinion of counsel that there may be legal defenses available to it which are different from or in addition to those available to the Indemnitors or if the Indemnitors shall, after receiving

notice of the Indemnitors' indemnification obligation and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk of, the Indemnitors. The Indemnitors shall be responsible for the counsel fees, costs, and expenses of the Indemnified Party in conducting its defense. Failure of an Indemnified Party to provide notification to the Indemnitors required under this Section shall not operate as a waiver of the Indemnitors' indemnification obligations in this Section.

(f) The obligations of the Indemnitors under this Section are joint and several, and are in addition to and shall not be limited by the provisions of Section 8.03 hereof and shall survive the termination of this Loan Agreement.

Section 6.03. Issuer To Grant Security Interest to Trustee. The parties hereto agree that pursuant to the Indenture, the Issuer shall assign to the Trustee, in order to secure payment of the Bonds, all of the Issuer's right, title and interest in and to this Loan Agreement and the Note, except for Reserved Rights.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Defaults Defined. The following shall be "Defaults" under this Loan Agreement and the term "Default" shall mean, whenever it is used in this Loan Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay any amount required to be paid under subsection (a) or (b) of Section 4.02 hereof when due.

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed herein other than as referred to in Section 7.01(a) above or failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Tax Certificate, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Borrower and the Investor Limited Partner by the Issuer or the Trustee; provided, with respect to any such failure covered by this subsection (b), no event of default will be deemed to have occurred so long as a course of action adequate to remedy such failure will have been commenced within such 60-day period and will thereafter be diligently prosecuted to completion and the failure will be remedied thereby.

(c) The dissolution or liquidation of the Borrower, or the voluntary initiation by the Borrower of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower of any such proceeding which shall remain undismissed for 90 days, or failure by the Borrower to promptly have discharged any

execution, garnishment or attachment of such consequence as would impair the ability of the Borrower to carry on its operations at the Project, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower into an agreement of composition with its creditors or the failure generally by the Borrower to pay its debts as they become due.

(d) The occurrence of an Event of Default under the Indenture (other than under Section 9.01(d) of the Indenture).

(e) Any Guarantor for any reason contests, repudiates or purports to revoke the Guarantor Indemnification, or the Guarantor Indemnification at any time and for any reason ceases to be in full force and effect.

The provisions of subsection (b) of this Section are subject to the following limitation: if by reason of force majeure it is impossible for the Borrower in whole or in part, despite its best efforts, to carry out any of its agreements contained herein (other than its obligations contained in Article IV hereof), the Borrower shall not be deemed in Default during the continuance of such inability. Such force majeure event does not affect any obligations of the Borrower other than the timing of performance of such obligations. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or of any of their departments, agencies or officials, or of any civil or military authority; insurrections; riots; terrorism; landslides; earthquakes; fires; storms; droughts; floods; explosions; and events not reasonably within the control of the Borrower. The Borrower agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing the Borrower from carrying out its agreement. The settlement of strikes and other industrial disturbances shall be entirely within the discretion of the Borrower and the Borrower shall not be required to settle strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Borrower unfavorable to the Borrower.

Section 7.02. Remedies on Default. Whenever any Default referred to in Section 7.01 hereof shall have happened and be continuing beyond the expiration of any applicable cure period, the Trustee, or the Issuer (in the event the Trustee fails to act), may take one or any combination of the following remedial steps:

(a) If the Trustee has declared the Bonds immediately due and payable pursuant to Section 9.01 of the Indenture, by written notice to the Borrower, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(b) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement, the Note, the Tax Regulatory Agreement or any other Document in the event of default thereunder.

Any amounts collected pursuant to action taken under this Section (other than sums collected for the Issuer on account of the Reserved Rights, which sums shall be paid directly to the Expense Fund (for further remittance to the Issuer), to the Issuer, or the applicable Issuer Indemnified Party, as applicable) shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Whenever any Default has occurred and is continuing, the Trustee may, but except as otherwise provided in the Indenture shall not be obligated to, exercise any or all of the rights of the Issuer under this Article VII, upon notice as required to the Issuer. In addition, the Trustee shall have available to it all of the remedies prescribed by the Indenture. If the Trustee is not enforcing the Issuer's rights in a manner to protect the Issuer or is otherwise taking action that brings adverse consequences to the Issuer, then the Issuer may, without the consent of the Trustee, take whatever action at law or in equity may appear necessary or appropriate to enforce the Reserved Rights and to collect all sums then due and thereafter to become due to the Issuer under this Loan Agreement.

Section 7.03. No Remedy Exclusive. Subject to Section 9.01 of the Indenture, no remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement, the Tax Regulatory Agreement or the Note, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power nor shall it be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee, and the Trustee and the Holders of the Bonds, subject to the provisions of the Indenture, including, but not limited to the Reserved Rights, shall be entitled to the benefit of all covenants and agreements herein contained.

Section 7.04. Agreement To Pay Attorneys' Fees and Expenses. In the event the Borrower should cause a Default or an Event of Default to occur under any of the provisions of this Loan Agreement or under the Note, and the Issuer and/or the Trustee should employ attorneys or incur other fees and expenses for the collection of payments required hereunder or under the Note, or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein or in the Note, the Borrower and the General Partner agree that they will on demand therefor pay to the Issuer and the Trustee, as the case may be, the fees and expenses of such attorneys and such other fees and expenses so incurred by the Issuer and/or the Trustee. This Section 7.04 will continue in full force and effect notwithstanding the full payment of the obligations under the Agreement or the termination of this Loan Agreement for any reason.

Section 7.05. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.06. Right To Cure. Notwithstanding anything herein to the contrary, if the Borrower shall, for whatever reason, at any time fail to pay any amount or perform any act which it is obligated to pay or perform and, as a result a Default or Event of Default occurs or may occur, the Investor Limited Partner shall have the right to perform such act or pay such amount on behalf of the Borrower and thereby cure or prevent such Default or Event of Default, provided such Default or Event of Default is cured within any applicable cure period or grace period provided herein to the Borrower. Any cure of any Default or Event of Default that is made or tendered by the Investor Limited Partner shall be accepted or rejected as if such cure were made or tendered by the Borrower.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Term of Agreement; Survival. Subject to the immediately following paragraph in this Section and Sections 2.12(b) and 11.07 of the Indenture, this Loan Agreement shall remain in full force and effect from the date hereof until such time as all of the Bonds and all amounts payable hereunder and under the Indenture shall have been fully paid or provision made for such payments, whichever is later, provided that all representations and certificates of the Borrower and the General Partner as to matters affecting the tax-exempt status of the Bonds, and the provisions of Sections 3.08, 6.02 and 7.04 hereof shall survive termination of this Loan Agreement.

Notwithstanding the payment in full of the Bonds, the discharge of the Indenture, and the termination or expiration of the Note and this Loan Agreement, all provisions in this Loan Agreement concerning (1) the tax-exempt status of the Bonds (including, but not limited to, provisions concerning rebate), (2) the interpretation of this Loan Agreement, (3) the governing law, (4) the forum for resolving disputes, (5) the Issuer's right to rely on facts or certificates, (6) the indemnity of the Issuer Indemnified Parties and the Trustee from liability (pecuniary or otherwise) and their rights to receive payment and or reimbursement with respect thereto, and (7) the lack of pecuniary liability of the Issuer and the State shall survive and remain in full force and effect.

Section 8.02. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed each party's Notice Address. A duplicate copy of each notice, certificate or other communication given hereunder by the Issuer or the Borrower shall also be given to the Trustee. The Issuer, the Borrower, the Investor Limited Partner and the Trustee may, by written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

With regard to copies of all notices which are sent to the Borrower under the terms of the Loan Documents, the Issuer and the Trustee shall send a courtesy copy to the Investor Limited Partner at the Notice Address set forth in the Indenture; provided, however, that any failure to give a duplicate copy of any such communication shall not invalidate any Notice given hereunder.

Section 8.03. Nonrecourse Liability of Borrower. From and after the date of this Loan Agreement, (a) the liability of the Borrower and its members or partners, including the General

Partner and its respective members, under this Loan Agreement shall be limited to the Project Fund and the Collateral Fund, and the Issuer and the Trustee shall look exclusively thereto or to such other security as may from time to time be given or have been given for payment of the Bonds, and any judgment rendered against the Borrower or its members or partners, including the General Partner, under this Loan Agreement shall be limited to amounts held under the Project Fund and the Collateral Fund; and (b) no deficiency or other personal judgment shall be sought or rendered against the Borrower or the General Partner or their respective partners, members, officers, successors, transferees or assigns, in any action or proceeding arising out of this Loan Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding; provided, however, that nothing herein shall limit the Issuer's or the Trustee's ability to exercise any right or remedy with respect to any property pledged or granted to the Issuer or any trustee under this Loan Agreement, or both, or to exercise any right against the Borrower or the General Partner, on account of any claim for fraud and deceit, and against any other person or entity on account of any claim for fraud and deceit. Notwithstanding anything herein to the contrary, nothing in this Section shall limit the rights of indemnification against the Borrower and the General Partner pursuant to Sections 6.02 and 7.04 hereof, each of which shall be recourse obligations of the Borrower and General Partner, but, in the absence of gross negligence or willful misconduct, not recourse to any of their respective partners (other than the General Partner or the Guarantor (in connection with the Guaranty)), directors, officers, employees, affiliates or agents. Furthermore, notwithstanding anything to the contrary, the Borrower and the General Partner shall be fully liable for: (i) amounts payable to the Issuer constituting Reserved Rights, (ii) any amount due and owing as a result of any calculation or determination which may be required in connection with the Bonds for the purpose of complying with Section 148 of the Code (including rebate liability) or any applicable Treasury regulation, and (iii) the indemnification and the payment obligations to the Issuer under Sections 6.02 and 7.04.

The limit on the Borrower's and the General Partner's liability set forth in this Section shall not, however, be construed, and is not intended to in any way, to (x) constitute a release, in whole or in part, of the indebtedness evidenced by this Loan Agreement; or (y) constitute a release, in whole or in part, or an impairment of the security interest; or (z), in case of any default or enforcement of any other right of the Issuer under this Loan Agreement, alter, limit or affect the liability of any person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under this Loan Agreement.

Notwithstanding anything contained in this Loan Agreement to the contrary, neither the Issuer nor the Trustee may assert any claim arising hereunder against the Borrower's interest in the Project, any reserve or deposit made with the Mortgage Lender, or in the rents or other income of the Project for the payment of any charge due hereunder.

The provisions of this Section shall survive the termination of this Loan Agreement.

Section 8.04. Limited Liability of Issuer.

(a) Anything in this Loan Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice, or other instrument furnished

to the Issuer by the Guarantor, the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer.

(b) No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Issuer contained in this Loan Agreement, any other Issuer Documents, or in any Bond or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise, or agreement of the Issuer contained in any agreement, instrument, or certificate executed in connection with the Project or the issuance and sale of the Bonds, against any Issuer Indemnified Party, whether by virtue of any Constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any Issuer Indemnified Party, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into by the Issuer with the Guarantor, the Borrower or the Trustee to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against each and every Issuer Indemnified Party (to the extent any such liability exists) is, by the execution of the Bonds, this Loan Agreement, and the other Issuer Documents, and as a condition of, and as part of the consideration for, the execution of the Bonds, this Loan Agreement, and the other Issuer Documents, expressly waived and released.

(c) No agreements or provisions contained herein, nor any agreement, covenant, or undertaking by the Issuer in connection with the Project or the issuance, sale, remarketing, and/or delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way, except as may be payable from the Trust Estate as provided in the Indenture. No failure of the Issuer to comply with any term, covenant, or agreement contained in the Bonds, this Loan Agreement, or the Indenture, or in any document executed by the Issuer in connection with the Project or the issuance and sale of the Bonds, shall subject the Issuer to liability for any claim for damages, costs, or other financial or pecuniary charge, except to the extent that the same can be paid or recovered from the Trust Estate. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant, or agreement herein; provided that no costs, expenses, or other monetary relief shall be recoverable from the Issuer, except as may be payable from the Trust Estate. No provision, covenant, or agreement contained herein, or any obligations imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness of the Issuer within the meaning of any State constitutional or statutory limitation or shall constitute or give rise to a charge against its general credit. In making the agreements, provisions, and covenants set forth in this Loan Agreement, the Issuer has not obligated itself, except with respect to the application of the revenues pledged in the Indenture for the payment of the Bonds.

(d) The Borrower recognizes that, because the components of the Project if and when acquired have been and are to be designated and selected by it, THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT, IF AND WHEN ACQUIRED, OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF,

AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT, ANY ADDITIONAL PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT, ANY ADDITIONAL PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT.

Section 8.05. Binding Effect; Third-Party Beneficiaries. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower, the Trustee, the Holders of Bonds and their respective successors and assigns. Each of the Issuer Indemnified Parties, other than the Issuer, is an intended third-party beneficiary of this Loan Agreement. Nothing in this Loan Agreement shall confer any right upon any person other than parties hereto, and those specifically designated as third-party beneficiaries of this Loan Agreement.

Section 8.06. Severability. In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.07. Amounts Remaining in Funds. Subject to the provisions of Section 4.05 of the Indenture, it is agreed by the parties hereto that any amounts remaining in any account of the Bond Fund, the Project Fund, the Collateral Fund or any other fund (other than the Rebate Fund) created under the Indenture upon expiration or earlier termination of this Loan Agreement, as provided in this Loan Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees and expenses of the Trustee and the Issuer in accordance with the Indenture, shall belong to and be paid to the Borrower by the Trustee so long as those remaining amounts do not constitute Bond Proceeds.

Section 8.08. Amendments, Changes and Modifications. Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise herein expressly provided, this Loan Agreement may not be effectively amended, changed, modified, altered or terminated except by a written instrument executed by the parties hereto and with the written consent of the Trustee, and otherwise in accordance with the provisions of the Indenture, particularly Article XI of the Indenture.

Section 8.09. Execution in Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.10. Applicable Law. This Loan Agreement shall be governed by and construed in accordance with the laws and judicial decisions of the State, without reference to any choice of law principles except as such laws may be preempted by any federal rules, regulations and laws applicable to the Issuer. The parties hereto expressly acknowledge and agree that any judicial action to interpret or enforce the terms of this Loan Agreement against the Issuer shall be brought and maintained in the County of San Diego, California, unless the Issuer waives this requirement.

Section 8.11. Captions. The captions and headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Loan Agreement.

Section 8.12. Mortgage Loan Documents Independent. Failure of the Issuer or the Borrower to comply with any of the covenants set forth in this Loan Agreement, the Indenture or the other Borrower Documents will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

To the extent not otherwise set forth above in this Section 8.12, the provisions of Section 12.08 of the Indenture are incorporated herein by reference to the same extent as if set forth herein in full.

Section 8.13. Use of Proceeds of the Bonds. Notwithstanding anything contained in any of the documents executed in connection with the issuance of Bonds to the contrary, all of the proceeds of the Bonds shall, for federal income tax purposes, be (a) allocated on a pro rata basis to the building in the Project and the land on which such building is located and (b) used exclusively to pay costs of the acquisition or construction of the Project which are includible in the aggregate basis of any building and the land on which the building is located ("Eligible Costs") in a manner such that the greatest number of buildings satisfy the requirements of Section 42(h)(4)(B) of the Code. No proceeds of the Bonds will be deemed or considered to have been used to pay any of the Costs of Issuance of Bonds, or to fund any reserve accounts other than a Project Fund Account to be used to pay Eligible Costs.

Notwithstanding anything in any of the documents executed in connection with the issuance of Bonds to the contrary, no portion of the Bonds, the Governmental Lender Note, the Funding Loan, or the Loan shall be used to finance any "qualified facility" (as such term is defined in Section 48E(b)(3) of the Code) or any "energy storage technology" (as such term is defined in Section 48E(c)(2) of the Code) with respect to the Project.

Section 8.14. Notice to CDLAC and Issuer of Prepayment. The Borrower agrees to provide at least 30 days prior written notice to the California Debt Limit Allocation Committee and the Issuer of any prepayment of the Loan, which may be given to such parties at their respective notice addresses set forth in the Regulatory Agreement and the Indenture, or by mutually acceptable electronic means, for the purpose of facilitating recycling of volume cap as described

in Section 12.14 of the Indenture. Any defect in such notice shall not constitute a default hereunder, under the other Borrower Loan Documents or the Regulatory Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Loan Agreement to be executed in their respective official names by their duly authorized officers, all as of the date first above written.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, as Issuer

By: _____
[_____]

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC, a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and Community Development LLC,
a Delaware limited liability company, its Sole Member

By: _____
Joel Hammer, Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC, a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc., a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett, CEO

By: BOLD HILLCREST LLC, a California limited liability company,
its Managing General Partner

By: Bold Communities, a California nonprofit public benefit
corporation, its Sole Member

By: _____
Michael Miller, President

EXHIBIT A

FORM OF PROMISSORY NOTE

$18,200,000 [Closing Date]

FOR VALUE RECEIVED, **HILLCREST HALL LP**, a California limited partnership (the "Borrower"), promises to pay to the **HOUSING AUTHORITY OF THE CITY OF SAN DIEGO** (together with its successors and assigns, the "Issuer"), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State"), created pursuant to Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "**Act**"), or its order, the principal sum of [EIGHTEEN MILLION TWO HUNDRED THOUSAND] DOLLARS ($18,200,000) (the "Loan") or so much of that sum as may be advanced by the Issuer under the Loan Agreement of even date herewith executed between the Borrower and the Issuer (the "Loan Agreement") with interest payable as set forth below.

The Borrower promises to pay to the below-defined Trustee on account of the Issuer the principal sum of this Note, together with interest at the rate of [_.__]% per annum (the "Initial Interest Rate"), and all assessments, taxes and premiums as follows:

One business day preceding each [____] 1 and [____] 1 of each year, beginning on the business day preceding [____] 1, 2026, to and including the business day preceding [_____] 1, 20__] (the "Initial Mandatory Tender Date"), the Borrower shall pay to the Trustee on account of the Issuer interest on the outstanding principal balance of the Loan at the Initial Interest Rate and thereafter the Remarketing Rate (as defined in the Indenture).

(a) The entire principal balance of the Note, plus any accrued but unpaid interest to and including [_____] (the "Maturity Date"), shall be due and payable one business day preceding the Maturity Date, unless previously called for redemption.

(b) Payments made by U.S. Bank Trust Company, National Association (the "Trustee"), as trustee for the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) (the "Bonds") to the holders of the Bonds, from funds available under the Trust Indenture for the Bonds dated as of [_____] 1, 2026 (the "Indenture") between the Issuer and the Trustee, will be credited against the Borrower's obligation to pay interest and principal under this Note. The Borrower shall be obligated to pay any deficiency between amounts due under this Note and amounts paid to bondholders by the Trustee pursuant to the Indenture.

(c) If any installment of interest, principal, or any other payment due under this Note is not paid within 10 days from the date that the installment or payment is due (other than any payment due at maturity, whether by acceleration or otherwise), the Borrower promises to pay to the Issuer a "late charge" equal to 5% of the aggregate monthly payment required by this Note.

(d) This Note is secured by (i) funds deposited into the Bond Fund, the Project Fund, and the Collateral Fund created pursuant to Section 4.01 of the Indenture, and (ii) the Trust Estate (as defined in the Indenture).

(e) Upon an Event of Default, as defined in the Indenture, the unpaid principal, together with all accrued interest thereon, and all other sums due and payable shall, at the option of the holder of this Note, become immediately due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise this option in the event of any subsequent Event of Default.

(f) As to this Note and any other documents or instruments evidencing or securing the Loan (the "Loan Documents"), the Borrower and all guarantors, if any, severally waive all applicable exemption rights, whether under any state constitution, homestead laws or otherwise, and also severally waive valuation and appraisement, presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note, and expressly agree that the maturity of this Note, or any payment under this Note, may be extended from time to time without in any way affecting the liability of the Borrower and all guarantors.

(g) All payments due under this Note shall be made during regular business hours at the Designated Office (as defined in the Indenture) of the Trustee or at any other place that the Issuer or the Trustee may designate in writing, and shall be made in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public or private debts.

(h) Neither the Borrower, nor any partner, officer or director of the Borrower, shall have any personal liability for principal or interest payments or any other payments due under this Note, except as provided in Section 8.03 of the Loan Agreement.

(i) The Borrower hereby acknowledges that, pursuant to the Indenture, the Issuer is assigning to the Trustee all of the Issuer's right, title, and interest in and to this Note and the Loan Agreement, exclusive of the Reserved Rights, to be held under the Indenture as part of the Trust Estate. Such assignment is being made as security for the payment of the Bonds of the Issuer. All of the terms, conditions and provisions of the Indenture are, by this reference thereto, incorporated herein as part of this Note.

It is agreed that, except as provided in Section 8.03 of the Loan Agreement, (i) the execution of this Note shall impose no personal liability on the Borrower or any partner thereof for payment of the indebtedness evidenced hereby and in the Event of a Default, (ii) the holder of this Note shall look solely to the Bond Fund, Project Fund, and Collateral Fund created pursuant to Section 4.01 of the Indenture, and (iii) the Trust Estate (as defined in the Indenture) in satisfaction of the indebtedness evidenced hereby and will not seek or obtain any deficiency or personal judgment against the Borrower except such judgment or decree as may be necessary to foreclose and bar its interest in the property and all other property mortgaged, pledged, conveyed or assigned to secure payment of this Note.

Enforcement of the covenants in this Note will not result in, and neither the Issuer nor the Trustee has or shall be entitled to assert, any claim against the Borrower, the Project, the Mortgage Loan proceeds, any reserves or deposits required by the Mortgage Lender in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Project.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered on its behalf on the date first written above.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC, a California limited liability company, its Administrative General Partner

By: CRP Affordable Housing and Community Development LLC, a Delaware limited liability company, its Sole Member

By: _____
Joel Hammer, Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC, a California limited liability company, its Co-Administrative General Partner

By: E. Smith & Company, Inc., a California corporation, its Sole Member and Manager

By: _____
Reese Jarrett, CEO

By: BOLD HILLCREST LLC, a California limited liability company, its Managing General Partner

By: Bold Communities, a California nonprofit public benefit corporation, its Sole Member

By: _____
Michael Miller, President

[Signature page – Promissory Note (Tax-Exempt) – Hillcrest Hall]

ASSIGNMENT

The **HOUSING AUTHORITY OF THE CITY OF SAN DIEGO** (the "Issuer"), hereby irrevocably assigns, without recourse, the foregoing Note (exclusive of the Reserved Rights) to U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), under a Trust Indenture, dated as of the first day of the month in which the foregoing Note is delivered (the "Indenture"), with the Issuer and hereby directs Hillcrest Hall LP to make all payments of principal of, and interest thereon directly to the Trustee at its designated corporate trust office in [CITY, STATE], or at such other place as the Trustee may direct in writing. Such assignment is made as security for the payment of the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt), issued pursuant to the Indenture.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, as Issuer

By: _____
[_____]

EXHIBIT B

CONSTRUCTION DRAW SCHEDULE

(Attached.)

EXHIBIT C

FORM OF COMPLETION CERTIFICATE

To: U.S. Bank Trust Company, National Association, as trustee (the "Trustee")
and
Housing Authority of the City of San Diego (the "Issuer")

From: Authorized Borrower Representative

Subject: $18,200,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)

The undersigned hereby certifies in connection with "Hillcrest Hall" (the "Project") financed with the proceeds of the above-described Bonds issued by the Issuer, the proceeds of which have been loaned to HILLCREST HALL LP, a California limited partnership (the "Borrower") pursuant to the Loan Agreement by and between the Borrower and the Issuer dated as of [_____] 1, 2026 (the "Bond Loan Agreement"). Capitalized terms used herein have the meaning ascribed to them in the Trust Indenture dated as of [_____] 1, 2026, between the Issuer and the Trustee.

1. The acquisition and construction of the Project was substantially completed as of _____ (the "Completion Date").

2. The construction of the Project has been completed in such manner as to conform in all material respects to all applicable zoning, planning, building, environmental, food handling and other similar governmental regulations.

3. All Costs of the Project have been paid in full except for those not yet due and payable or being contested, which are described below and for which money for payment thereof is being retained:

(a) Costs of the Project not yet due and payable:

Description	Amount

(b) Payments being contested:

Description	Amount

4. Attached hereto are copies of all certificates of occupancy for the Project.

[Remainder of page intentionally left blank]

This certificate is given without prejudice to any rights against third parties which exist at the date hereof or which may subsequently come into being.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC, a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and Community Development LLC,
a Delaware limited liability company, its Sole Member

By: _____
Joel Hammer, Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC, a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc., a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett, CEO

By: BOLD HILLCREST LLC, a California limited liability company,
its Managing General Partner

By: Bold Communities, a California nonprofit public benefit corporation, its Sole Member

By: _____
Michael Miller, President

PRELIMINARY OFFICIAL STATEMENT DATED JUNE __, 2026

New Issue – Book-Entry Only

RATING: Moody's: "_____"
(See "RATING" herein)

In the opinion of Jones Hall LLP, San Mateo, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Bonds is exempt from personal income taxation imposed by the State of California. Bond Counsel observes that interest on the Bonds is not excluded from gross income for federal income tax purposes. See "TAX MATTERS."

$31,505,000*
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(HILLCREST HALL)
2026 SERIES A-2 (TAXABLE)

Dated: Date of Delivery
Initial Interest Rate: ____%
Initial Offering Price: ____%*

Initial Mandatory Tender Date: July 1, 2028*
Optional Call Date: any date on or after January 1, 2028*
Maturity Date: January 1, 2030*
CUSIP: _____

The Housing Authority of the City of San Diego (the "Issuer") is issuing its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) (the "Bonds") pursuant to a Trust Indenture dated as of June 1, 2026 (the "Indenture"), by and between the Issuer and [U.S. Bank Trust Company, National Association, a national banking association,] as trustee (the "Trustee"). The Bonds shall bear interest on the outstanding principal amount thereof at the Initial Interest Rate set forth above (the "Initial Interest Rate") from their date of issuance to but not including the Initial Mandatory Tender Date set forth above (the "Initial Mandatory Tender Date"), payable on each January 1 and July 1, commencing January 1, 2027*. See "THE BONDS" herein.

The Bonds are issuable only as fully registered bonds without coupons in the denomination of $5,000 principal amount or any integral multiple of $1,000 in excess thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, Brooklyn, New York. Principal of and interest on the Bonds is payable by the Trustee to Cede & Co., which is to remit such payments to the Direct Participants (as defined herein) for subsequent disbursement to the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are being issued to finance a loan (the "Loan") to Hillcrest Hall LP, a California limited partnership (the "Borrower") to enable the Borrower to pay a portion of the cost of acquisition, construction and equipping that certain 98-unit (including one manager's unit) multifamily housing development located within the City of San Diego, California and to be known as Hillcrest Hall (the "Project"). The Loan will be made to the Borrower pursuant to a Loan Agreement, dated as of June 1, 2026 (the "Loan Agreement"), between the Issuer and the Borrower, under which the Borrower has agreed to provide, as described herein, payments to the Issuer in amounts sufficient to pay the principal of and interest on the Bonds when due. The Loan will be evidenced by a Promissory Note in the principal amount of $31,505,000* (the "Note") from the Borrower to the Issuer and endorsed to the Trustee.

Under the terms of the Indenture, the proceeds of the sale of the Bonds are to be deposited into the Project Fund established under the Indenture and invested pursuant to the Indenture. At all times the Bonds will be secured by amounts on deposit under the Indenture, which amounts shall constitute Eligible Funds and shall be invested in Eligible Investments, and such amounts will be sufficient, along with investment earnings thereon, without the need for reinvestment, to pay all of the interest on the Bonds when due and to pay the principal of the Bonds on the earlier of any Mandatory Tender Date or any Redemption Date, as further described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

From time to time, the Borrower will cause Eligible Funds (as defined herein) of up to $31,505,000* to be deposited into the Collateral Fund established under the Indenture, allowing the Trustee to disburse a like amount of funds in the Project Fund to the Borrower to pay Project Costs (as defined herein) pursuant to the terms of the Indenture and the Loan Agreement. It is anticipated that the principal of and interest on the Bonds will be paid from amounts on deposit (plus interest earnings thereon) in the Bond Fund, the Collateral Fund and the Project Fund.

Simultaneously with the issuance of the Bonds, the Issuer is issuing its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) in the principal amount of $18,200,000* (the "Tax-Exempt Bonds"), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the cost of the Borrower's acquisition, construction and equipping of the Project. The Tax-Exempt Bonds are not being offered pursuant to this Official Statement. Closing on the Bonds is contingent on the closing of the Tax-Exempt Bonds.

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED THEREFOR UNDER THE INDENTURE. NONE OF THE ISSUER, ANY OF ITS MEMBERS OR ANY PERSON EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. NONE OF THE ISSUER, ITS MEMBERS, THE STATE, OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, ITS MEMBERS, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

The Bonds are subject to redemption prior to maturity as set forth herein. See "THE BONDS" herein. The Bonds are subject to mandatory tender for purchase on the Initial Mandatory Tender Date, subject to satisfaction of the applicable terms and conditions of remarketing set forth in the Indenture, or mandatory redemption, if the conditions to remarketing the Bonds are not met on or before the Initial Mandatory Tender Date. All Holders of the Bonds must tender their Bonds for purchase on the Initial Mandatory Tender Date. The Bonds may be remarketed and a new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture, or the Bonds may be redeemed and cancelled on the Initial Mandatory Tender Date. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval as to their legality by Jones Hall LLP, San Mateo, California, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C., and for the Borrower by

* Preliminary; subject to change.

its counsel, Hobson Bernardino + Davis LLP, Culver City, California. It is expected that the Bonds will be available for delivery to The Depository Trust Company in Brooklyn, New York, on or about June __, 2026.

STIFEL

June __, 2026

No broker, dealer, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Prospective purchasers must read this entire Official Statement (including the cover page and all appendices hereto) to obtain all the information essential to the making of an informed investment decision.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into and are not part of the Official Statement.

The information set forth herein has been obtained from the Borrower, the Issuer and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borrower or the Issuer or any other parties described herein since the date as of which such information is presented.

The Issuer has not and does not assume any responsibility as to the accuracy or completeness of the information in this Official Statement, other than the information concerning the Issuer under the caption "THE ISSUER" and "ABSENCE OF LITIGATION – The Issuer." The other information set forth herein has been obtained from sources believed to be reliable, but is not guaranteed as to accuracy and is not to be construed as a representation of such by the Underwriter or the Issuer. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein since the date hereof. Except as explicitly stated above, the Issuer has not confirmed, and assumes no responsibility for, the accuracy, completeness, sufficiency or fairness of any statements in this Official Statement or any amendments thereof or supplements thereto, or in any reports, financial information, offering or disclosure documents or other information relating to the Borrower, the Project, or the history, businesses, properties, organization, management, financial condition, market area or any other matter relating to the Borrower or contained otherwise in this Official Statement.

The Trustee has neither reviewed nor participated in the preparation of this Official Statement, except for the contents of the Section labeled "THE TRUSTEE."

The Underwriter has provided the following sentence for inclusion in this Official Statement: the Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Upon issuance, the Bonds will not be registered by the Issuer under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or, other than the Issuer (to the limited extent described herein) approved the Bonds for sale.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT TEND TO STABILIZE OR MAINTAIN THE MARKET PRICE FOR THE BONDS ABOVE THE LEVELS THAT WOULD OTHERWISE PREVAIL. SUCH ACTIVITIES, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$31,505,000*
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(HILLCREST HALL)
2026 SERIES A-2 (TAXABLE)

INTRODUCTION

This Official Statement (this "Official Statement") sets forth certain information concerning the issuance and sale by the Housing Authority of the City of San Diego (the "Issuer"), a public instrumentality and political subdivision of the State of California (the "State"), and any successor to its rights, duties and obligation, of $31,505,000* aggregate principal amount of its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) (the "Bonds"). The Bonds will be issued pursuant to Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "Act"), and that certain resolution of the Issuer adopted on May 12, 2026 (the "Resolution"), and secured by a Trust Indenture, dated as of June 1, 2026 (the "Indenture"), between the Issuer and [U.S. Bank Trust Company, National Association, a national banking association], as trustee (in such capacity, the "Trustee"). The sale and issuance of the Bonds is contingent upon the Issuer's prior approval of the financing. The Bonds are being issued to provide funds for the Issuer to make a loan (the "Loan") to Hillcrest Hall LP, a California limited partnership (the "Borrower"), for the acquisition, construction and equipping of that certain 98-unit (including one manager's unit) multifamily housing development located in San Diego, California, and to be known as Hillcrest Hall (the "Project"). The terms of the Loan are to be as set forth in the Loan Agreement, dated as of June 1, 2026, between the Issuer and the Borrower (the "Loan Agreement"). The obligation of the Borrower to repay the Loan pursuant to the Loan Agreement will be evidenced by a promissory note (the "Note").

Under the terms of the Indenture, on the date of initial delivery of the Bonds, the proceeds of the Bonds are to be deposited into the Project Fund established under the Indenture and disbursed to finance a portion of the construction of the Project or otherwise invested in Eligible Investments, as defined in the Indenture. See "APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Investment of Special Funds" hereto.

The principal of and interest on the Bonds (the "Bond Service Charges") are payable from the security pledged under the Indenture, including the payments on the investment of funds under the Indenture. Under the Indenture, the Trustee is to invest certain amounts held under the Indenture in Eligible Investments (as defined below).

Upon the deposit of Eligible Funds into the Collateral Fund, and subject to the other provisions set forth in the Indenture, a like amount of funds will be disbursed by the Trustee from the Project Fund to or at the direction of the Borrower to pay the costs of the Project. See "THE MORTGAGE LOAN, ELIGIBLE FUNDS AND DISBURSEMENT OF BOND PROCEEDS" herein.

The Borrower's operation of the Project and use of the proceeds of the Bonds will be subject to the terms of a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of June 1, 2026, by and among the Borrower, the Issuer and the Trustee (the "Regulatory Agreement"), which contains covenants required to maintain the exclusion of interest on the Tax-Exempt Bonds (defined herein) from gross income for federal income tax purposes and for the Project to comply with applicable State law and

* Preliminary; subject to change.

the Issuer's requirements. The Regulatory Agreement will require that for the Qualified Project Period (as defined therein), no less than 40% of the dwelling units in the Project (except for dwelling units reserved for a resident manager, security personnel and maintenance personnel) are reserved for tenants whose combined annual income does not exceed 60% of the median gross income for the area in which the Project is located, adjusted for family size. See "APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT" hereto.

At all times the Bonds will be secured by Eligible Investments and Eligible Funds sufficient, without need for reinvestment, to pay all of the interest on the Bonds when due and to pay the principal of the Bonds on the Mandatory Tender Date.

The Bonds will bear interest on the outstanding principal amount thereof at the annual rate set forth on the cover page hereof from their date of delivery, to but not including, July 1, 2028* (the "Initial Mandatory Tender Date"), payable on each January 1 and July 1, commencing January 1, 2027* (each an "Interest Payment Date").

The Bonds are subject to mandatory tender for purchase or mandatory redemption on the Initial Mandatory Tender Date. In the event the conditions to remarketing set forth in the Indenture are not met, or if all or a portion of the Bonds cannot be remarketed, all of the Bonds will be subject to mandatory redemption on the Initial Mandatory Tender Date. All Holders of the Bonds must tender their Bonds for purchase on the Initial Mandatory Tender Date. A new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED THEREFOR UNDER THE INDENTURE. NONE OF THE ISSUER, ANY OF ITS MEMBERS OR ANY PERSON EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. NONE OF THE ISSUER, ITS MEMBERS, THE STATE, OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, ITS MEMBERS, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

Brief descriptions of the Issuer, the Bonds, the security for the Bonds, the Borrower, the Project, the Indenture, the Regulatory Agreement and the Loan Agreement are included in this Official Statement. All references herein to the Indenture, the Loan Agreement, the Regulatory Agreement and other documents and agreements are qualified in their entirety by reference to such documents and agreements, copies of which are available for inspection at the offices of the Trustee.

* Preliminary; subject to change.

THE MORTGAGE LOAN, ELIGIBLE FUNDS AND DISBURSEMENT OF BOND PROCEEDS

Simultaneously with the issuance of the Bonds, the Borrower will obtain a mortgage loan (the "Mortgage Loan") from Citibank, N.A., a national banking association (in such capacity, the "Lender"). Over time, Eligible Funds, including proceeds of the Mortgage Loan, shall be delivered to the Trustee for deposit into the Collateral Fund as security for the Bonds, and the Trustee shall disburse a like amount of Bond proceeds from the Project Fund to or at the direction of the Lender to the extent of the deposit of proceeds of the Mortgage Loan, and to or at the direction of the Borrower for other Eligible Funds, for purposes of paying costs of the Project, all in accordance with the Loan Agreement and the Indenture. The maximum aggregate amount of Eligible Funds to be deposited into the Collateral Fund will be equal to the amount of funds deposited into the Project Fund.

Bond Service Charges will be payable as they become due, in the following order: (i) from money on deposit in the Bond Fund (other than the Negative Arbitrage Account within the Bond Fund), (ii) from money on deposit in the Negative Arbitrage Account within the Bond Fund, (iii) from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (iv) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Notwithstanding any provision of the Loan Agreement or the Indenture to the contrary, the Trustee will not disburse funds from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until (i) an amount equal to or greater than the requested disbursement amount has been deposited into the Collateral Fund in accordance with the provisions of the Indenture and (ii) the Trustee has determined that the sum of the amount then held in the Collateral Fund and the amount then on deposit in the Project Fund, less the anticipated amount of the disbursement from the Project Fund, is at least equal to the then-outstanding principal amount of the Bonds, together with any original issue premium deposited therein pursuant to the Indenture. Upon receipt of a Collateral Payment, subject to the foregoing provisions, the Trustee may disburse Bond proceeds to or at the direction of the respective lender for use by the Borrower to pay costs of the Project, in accordance with the terms of the Loan Agreement.

The amounts on deposit in the Project Fund, the Bond Fund and the Collateral Fund will be invested on the date of delivery of the Bonds in Eligible Investments. See "APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Investment of Special Funds." To the extent, if any, that the Cash Flow Projection indicates that projected investment income on amounts on deposit in the Special Funds will be less than an amount equal to the aggregate interest payments on the Bonds from the Closing Date to the Initial Mandatory Tender Date, the amount of such shortfall shall be deposited on the Closing Date into the Negative Arbitrage Account of the Bond Fund by or on behalf of the Borrower.

THE ISSUER

The following information has been provided by the Issuer for use herein. While the information is believed to be reliable, none of the Trustee, the Borrower, the Underwriter, the Lender nor any of their respective counsel, members, officers or employees makes any representations as to the accuracy or sufficiency of such information.

The Issuer is the Housing Authority of the City of San Diego, a public body, corporate and politic duly organized and existing under the laws of the State of California. The Issuer is authorized to issue the Bonds and to loan the proceeds thereof to the Borrower for the purpose of financing the Project. The Issuer was created on October 3, 1968, by resolution of the City Council of the City of San Diego (the "Council"). The nine members of the Council serve as members of the Issuer.

In January 1979, a seven-member commission (the "Housing Commission") took office to administer the functions of the Issuer. The Housing Commission is responsible for the development of low-income rental projects, implementation of financing to promote low-income housing production, management of many public housing projects, operation of rent subsidy programs and rehabilitation of existing housing stock.

The seven members of the board of the Housing Commission ("Commissioners") are appointed by the Mayor and approved by the Council. Eugene Mitchell currently serves as Chair of the Housing Commission. Oversight of the Housing Commission is provided by the Issuer. Two of the positions on the board of Commissioners are reserved for residents of agency-owned housing units or recipients of federal Section 8 Housing Choice Voucher rental assistance. One of these members must be 62 years of age or older. Commissioners who are residents of affordable housing or are rental assistance recipients serve for terms of two years, or until a replacement is appointed. The five remaining Commissioners serve terms of four years, or until a replacement is appointed.

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED THEREFOR UNDER THE INDENTURE. NONE OF THE ISSUER, ANY OF ITS MEMBERS OR ANY PERSON EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. NONE OF THE ISSUER, ITS MEMBERS, THE STATE, OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, ITS MEMBERS, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

THE BONDS

The Bonds are available in book-entry only form. See "BOOK-ENTRY ONLY SYSTEM" below. So long as Cede & Co., as nominee of The Depository Trust Company, is the registered owner of the Bonds, references herein to the Holders of the Bonds or holders or registered owner or owners of the Bonds mean Cede & Co. and not the Beneficial Owners (as defined herein) of the Bonds.

General

The Bonds are issuable in the denomination of $5,000 principal amount or any integral multiple of $1,000 in excess thereof. The Bonds will be dated as of the date of delivery, will initially bear interest at the rate set forth on the cover page hereof and will mature on January 1, 2030* (the "Maturity Date"), subject to mandatory tender for purchase or mandatory redemption on July 1, 2028* (the "Initial Mandatory Tender Date"). Interest will be payable on each January 1 and July 1, commencing January 1, 2027* (each, an "Interest Payment Date") in accordance with the provisions of the Indenture. Interest will be calculated and be due on the basis of a 360-day year consisting of twelve 30-day months. The Regular Record Date is the fifteenth (15th) day of the calendar month next preceding each Interest Payment Date. Principal of

* Preliminary; subject to change.

and interest on the Bonds will be payable by the Trustee to Cede & Co. as nominee of DTC. See "BOOK-ENTRY ONLY SYSTEM" below.

Bond Service Charges shall be payable in lawful money of the United States of America without deduction for the services of the Trustee. Subject to the provisions of the Indenture (a) the principal of any Bond shall be payable when due to a Holder upon presentation and surrender of such Bond at the Designated Corporate Trust Office of the Trustee or at the office designated in writing by the Trustee, and (b) interest on any Bond shall be paid on each Interest Payment Date by wire or check which the Trustee shall cause to be mailed on that date to the Person in whose name the Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date applicable to that Interest Payment Date on the Register at the address appearing therein.

Limited Obligations

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED THEREFOR UNDER THE INDENTURE. NONE OF THE ISSUER, ANY OF ITS MEMBERS OR ANY PERSON EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. NONE OF THE ISSUER, ITS MEMBERS, THE STATE, OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, ITS MEMBERS, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

Optional Redemption

The Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower on any date on or after the later to occur of (i) the date that the Project is placed in service, as certified in writing by the Borrower to the Issuer and the Trustee, and (ii) the Optional Call Date, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the applicable Redemption Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Bond Fund, other than funds in the Negative Arbitrage Account therein, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the direction of the Borrower. In connection with any optional redemption of the Bonds prior to the applicable Mandatory Tender Date, the Trustee is permitted to sell Eligible Investments or redeem Eligible Investments prior to maturity at a price below par only if the Trustee receives, not less than two Business Days prior to the applicable redemption date, a Cash Flow Projection and any Eligible Funds required pursuant to such Cash Flow Projection.

Mandatory Redemption

The Bonds shall be redeemed in whole at a redemption price of 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in the Indenture have not been met by

the dates and times set forth therein, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the written direction of the Borrower.

Purchase in Lieu of Redemption

At the election of the Borrower upon a redemption in whole of the Bonds, by written notice to the Trustee and the Remarketing Agent given not less than five (5) Business Days in advance of such redemption date, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date and the call for redemption shall be cancelled. The purchase price of Bonds so purchased in lieu of redemption shall be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and any prepayment fee, if due, and shall be payable on the date of redemption thereof. Bonds so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Borrower.

Notice of Redemption

Unless waived by any Holder of Bonds to be redeemed, notice of redemption shall be given by the Trustee on behalf of the Issuer by mailing a copy of a redemption notice by first-class mail, postage prepaid, to the Holder of each Bond to be redeemed, at the address of such Holder shown on the Register at the opening of business on the fifth day prior to such mailing, not less than 20 days nor more than 30 days prior to the date fixed for redemption. An additional notice of redemption shall be given, as soon as practicable, by first-class mail to the Holder of each Bond which has been so called for redemption (in whole or in part) but has not been presented and surrendered to the Trustee within 30 days following the date fixed for redemption of that Bond. So long as DTC is the registered owner of the Bonds, notice of any redemption with respect to Bonds will be given only to DTC or its nominee. Any failure of DTC to notify the Beneficial Owners of any such notice and its contents or effect will not affect the validity of such notice of any proceedings for the redemption of such Bonds. Failure to receive notice by mailing, or any defect in that notice regarding any Bond, shall not affect the validity of the proceedings for the redemption of any other Bond. With respect to a mandatory redemption, the notice of Mandatory Tender provided to Holders pursuant to the Indenture as described herein under "Notice of Mandatory Tender" will serve as the notice of redemption, and no further notice of redemption will be required to the Holders.

Notices of optional redemption shall be revocable in the event that there is not on deposit with the Trustee prior to the date of redemption money sufficient to pay the redemption price of the Bonds to be redeemed or, in the case of any redemption premium on Bonds, there is not on deposit Eligible Funds sufficient to pay such redemption premium.

Mandatory Tender

Purchase of Bonds on Mandatory Tender Dates. All Outstanding Bonds shall be subject to Mandatory Tender by the Holders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Bond shall be payable in lawful money of the United States of America by wire, check or draft shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date and shall be paid in full on the applicable Mandatory Tender Date.

Holding of Tendered Bonds. While tendered Bonds are in the custody of the Trustee pending purchase pursuant to the Indenture, the tendering Holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Bonds had not been tendered for purchase.

Effect of Prior Redemption. Notwithstanding anything in the Indenture to the contrary, any Bond tendered under the Indenture will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

Purchase of Tendered Bonds. The Trustee shall utilize amounts representing proceeds of remarketed Bonds on deposit in the Remarketing Proceeds Account to pay the principal amount, plus accrued interest, of Bonds tendered for purchase not later than 2:30 p.m. Local Time on the Mandatory Tender Date.

Cancellation of Remarketing. In the event the Bonds must be redeemed as a result of the occurrence of any of the events listed in the Indenture, the remarketing shall be cancelled and all Bonds outstanding on the Mandatory Tender Date shall be redeemed in accordance with the Indenture.

Undelivered Bonds. Bonds shall be deemed to have been tendered for purposes of the Indenture whether or not the Holders shall have delivered such Undelivered Bonds to the Trustee, and subject to the right of the Holders of such Undelivered Bonds to receive the purchase price of such Bonds on the Mandatory Tender Date, such Undelivered Bonds shall be null and void. If such Undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Undelivered Bonds.

Notice of Mandatory Tender

Notice to Holders. No later than the 30th day prior to a Mandatory Tender Date, the Trustee shall give written notice of a mandatory tender on the Mandatory Tender Date to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Issuer, the Investor Limited Partner, and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (A) if certain conditions are met, all Outstanding Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender Date, (B) all Outstanding Bonds must be tendered for purchase no later than 12:00 Noon, Local Time, on the Mandatory Tender Date and (C) Holders will not have the right to elect to retain their Bonds;

(ii) the address of the Designated Corporate Trust Office of the Trustee at which Holders should deliver their Bonds for purchase and the date of the required delivery;

(iii) that all Outstanding Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date;

(iv) that if, in the event that the conditions to remarketing set forth in the Indenture are not met as set forth therein, or, if proceeds from the remarketing are insufficient to pay the purchase price of the Bonds on the Mandatory Tender Date, all of the Bonds will be redeemed, without further notice, on the Mandatory Tender Date; and

(v) that any Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.

Second Notice. In the event that any Bond required to be delivered to the Trustee for payment of the purchase price of such Bond shall not have been delivered to the Trustee on or before the 30th day following a Mandatory Tender Date, the Trustee shall mail a second notice to the Holder of the Bond at its address as shown on the Register setting forth the requirements set forth in the Indenture for delivery of the Bond to the Trustee and stating that delivery of the Bond to the Trustee (or compliance with the provisions of the Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price applicable to the Bond.

Failure to Give Notice. Neither failure to give or receive any notice described in this heading, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for as described under this heading.

No Additional Parity Bonds

The Indenture does not permit the Issuer to issue additional indebtedness secured under the Indenture senior to or on a parity with the Bonds, except for the Tax-Exempt Bonds. Subordinate indebtedness shall be permitted as set forth under the Loan Agreement.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), Brooklyn, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or its agent.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners

are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividends ("debt charges payments") on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions or dividends ("debt charges") to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information above in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer and the Underwriter take no responsibility for the accuracy thereof. The Issuer has no role in the purchases, transfers or sales of book entry interests. The rights of Beneficial Owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with their legal advisers the manner of transferring or pledging their book-entry interests. The Issuer has no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising or reviewing any records relating to that ownership. The Issuer cannot and does not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Bonds made to DTC as the registered owner, or any redemption, if any, or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve or act in a manner described in this Official Statement.

Direct Participants and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds will be secured under the Indenture by all right, title and interest of the Issuer in and to (i) the Revenues, including, without limitation, all Loan Payments, deposits of Eligible Funds and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan, (ii) the Special Funds, including all accounts in those Funds and all money deposited therein and the investment earnings on such money, (iii) all right, title and interest of the Issuer in the proceeds derived from the sale of the Bonds, and any securities in which money in the Special Funds are invested, and the proceeds derived therefrom, and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security under the Indenture by the Issuer or by anyone on its behalf, or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture, (iv) the Note, and (v) the Loan Agreement, except for the Reserved Rights of the Issuer (the foregoing collectively referred to as the "Trust Estate").

Except as otherwise set forth in the Indenture, moneys in the Special Funds are to be invested in Eligible Investments. See "APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Investment of Special Funds" hereto.

The Indenture directs the Trustee to deposit all payments made by the Borrower pursuant to the Note and the Loan Agreement into the Bond Fund established and maintained pursuant to the Indenture. Bond Service Charges shall be payable as they become due, in the following order: (i) from money on deposit in the Bond Fund (other than the Negative Arbitrage Account within the Bond Fund), (ii) from money on deposit in the Negative Arbitrage Account within the Bond Fund, (iii) from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund, and (iv) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund. Investments of moneys in the Bond Fund will mature or be redeemable at par at the times and in the amounts necessary to provide moneys to pay Bond Service Charges on the Bonds. Each investment of moneys in the Project Fund will mature or

be redeemable without penalty at such time as may be necessary to make payments from the Project Fund. All investment earnings from amounts on deposit in the Special Funds will be credited to the Bond Fund. See "APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Investment of Special Funds."

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED THEREFOR UNDER THE INDENTURE. NONE OF THE ISSUER, ANY OF ITS MEMBERS OR ANY PERSON EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. NONE OF THE ISSUER, ITS MEMBERS, THE STATE, OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, ITS MEMBERS, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

PRIVATE PARTICIPANTS

The following information concerning the private participants has been provided by representatives of the private participants and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Borrower

Hillcrest Hall LP, a California limited partnership (the "Borrower"), is a single-asset entity formed for the specific purpose of developing and owning the Project. The administrative general partner of the Borrower is Hillcrest Hall AGP LLC, a California limited liability company (the "Administrative General Partner"), the sole member of which is CRP Affordable Housing and Community Development LLC, a Delaware limited liability company. The co-administrative general partner of the Borrower is E. Smith Hillcrest Hall LLC, a California limited liability company (the "Co-Administrative General Partner"), the sole member of which is E. Smith & Company, Inc., a California nonprofit corporation. The managing general partner of the Borrower is Bold Hillcrest LLC, a California limited liability company (the "Managing General Partner"), the sole member of which is Bold Communities, a California nonprofit public benefit corporation. The Administrative General Partner, Co-Administrative General Partner and Managing General Partner are collectively referred to as the "General Partner" which General Partner will collectively own a 0.01% interest in the Borrower. [RSEP Holding, LLC, a Delaware limited liability company], or its designee (the "Investor Limited Partner"), will own a 99.99% interest in the Borrower.

The Investor Limited Partner

Contemporaneously with the issuance of the Bonds, the Investor Limited Partner will acquire a 99.99% ownership interest in the Borrower. In connection with such acquisition, the Investor Limited Partner is expected to fund approximately $23,893,839* of federal low-income housing tax credit equity

* Preliminary; subject to change.

(the "Tax Credit Equity") to the Project, to be paid in stages during and after construction of the Project. These funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the estimates set forth herein and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

The Developer

The developer for the Project is CRP Affordable Housing & Community Development, a Delaware limited liability company (the "Developer"), located in San Diego, California. The Developer commenced operations in 2019 and has six years of experience in affordable housing multifamily development. The Developer has developed 1,155 units in two states.

Limited Assets and Obligation of Borrower, General Partner, and Investor Limited Partner

The Borrower has no substantial assets other than the Project and does not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the development and ownership of the Project. However, the members of the General Partner, the Investor Limited Partner, and their affiliates are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. The members of the General Partner, the Investor Limited Partner, and their affiliates may be financially interested in, as officers, partners or otherwise, and devote substantial time to, business and activities that may be inconsistent or competitive with the interests of the Project.

The obligations and liabilities of the Borrower under the Loan Agreement and the Note are of a non-recourse nature and are limited to the Project and moneys derived from the operation of the Project. Neither the Borrower nor its partners have any personal liability for payments on the Note to be applied to pay the principal of and interest on the Bonds. Furthermore, no representation is made that the Borrower has substantial funds available for the Project. Accordingly, neither the Borrower's financial statements nor those of its partners are included in this Official Statement.

The Property Manager

The Borrower has entered into a management agreement with FPI Management, Inc., a California corporation (the "Property Manager"), to manage the day-to-day operations of the Project. The Property Manager is not an affiliate of the Developer. The Property Manager has been involved in the management of affordable housing since 1968. The Property Manager currently manages 167,000 apartment units in 22 states.

The General Contractor

The general contractor for the Project is Ironcore Construction LLC, a California limited liability company (the "General Contractor"). The General Contractor is an affiliate of the Developer. Based in San Diego, California, the General Contractor was formed in 2019 and is a California-licensed contractor. Since inception, the General Contractor has built or rehabilitated over 300 units of affordable apartments.

The Architect

The architect for the Project is Architects Orange, LLP (dba AO) (the "Architect"). The Architect [is/is not] an affiliate of the Developer. The Architect has been a licensed architect for 50 years and has been the principal architect for over 100 multifamily developments with a total of 50,000 units.

THE PROJECT

The following information concerning the Project has been provided by representatives of the Borrower and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Project, known as Hillcrest Hall, is located in San Diego, California, on an approximately 0.45-acre site. The Project contains 98 apartment units (including one manager's unit) in one building located at 1601 University Avenue, San Diego, CA 92103, with approximately 18,828 total square feet and has frontage along the south side of University Avenue and the east side of Herbert Street. Common area improvements will include: common room, study room and laundry room. Unit amenities include: dishwasher, range and refrigerator. There are nine parking spaces for resident use only.

It is anticipated that construction will commence promptly upon the issuance of the Bonds and funding of the initial installment of the Tax Credit Equity and will be completed in approximately 24 months.

The unit type, the unit mix and approximate square footage for the units of the Project will be as follows:

Unit Type	Average Square Feet	Number of Units
1 Bedroom 1 Bath	525	35
2 Bedroom 1 Bath	748	28
3 Bedroom 1 Bath	991	35
TOTAL		**98**

Non-Residential Commercial Space – Retail Tenant

The Project includes approximately 2,691 square feet of non-residential, retail space on the ground floor of the building (the "Retail Space") for community-serving retail and other uses. The Retail Space shall be subject to a Commercial Master Lease entered into as of the Closing Date (the "Commercial Master Lease") between the Borrower and [Hillcrest Hill Retail LLC], a California limited liability company (the "Retail Tenant"). The Retail Tenant is an affiliate of the Developer. The lease term begins upon issuance of a temporary certificate of occupancy for the project (currently anticipated around March 2028) and runs for a period of [55] years. The lease is structured as a nominal base-rent, triple-net arrangement: the tenant pays base rent of 1 dollar per year plus all premises operating costs, its pro rata share (currently 2.5 percent) of project real estate taxes, insurance and common area expenses, and is responsible for interior maintenance and tenant improvements. The Retail Space may be subleased to up to seven subtenants for "community-serving" commercial uses (such as cafe, barber, nonprofit office, and small retail) consistent with project regulatory restrictions. Rents under any sublease are retained by the Retail Tenant.

Plan of Financing

The estimated sources and uses of funds for the Project are projected to be approximately as follows:

Sources of Funds:*	
Taxable Bond Proceeds	$31,505,000
Tax Exempt Bond Proceeds	18,200,000
Tax Credit Equity	23,893,839
State Tax Credit Equity Loan	10,680,000
Housing Commission Loan	5,000,000
City Loan	3,175,000
San Diego Foundation Loan	2,000,000
Interest on Cash Back Forward (Tax-Exempt)	1,277,640
Interest on Cash Back Forward (Taxable)	2,211,300
Deferred Developer Fee	4,480,547
Total Sources	**$102,423,326**
Uses of Funds:*	
Acquisition Costs	$8,706,600
Construction Costs	32,830,000
Soft Costs	472,399
Costs of Issuance	93,197
Developer Fee	7,872,484
Reserves & Escrows	743,646
Repayment of Bond Principal	49,705,000
Total Uses	**$100,423,326**

All costs of issuing the Bonds, including the Underwriter's fee, will be paid by the Borrower.

The Mortgage Loan. The Project will utilize a construction loan in the principal amount of up to $49,705,035* (the "Mortgage Loan"). The Mortgage Loan will be secured by a senior mortgage on the Project and the obligation to repay the Mortgage Loan will be evidenced by a promissory note (the "Mortgage Note") from the Borrower to Citibank, N.A. (the "Mortgage Lender"). The Mortgage Note will have a term of 33 months*, with the right to one three-month extension plus one six-month extension, and will bear interest at a floating rate, but the Borrower will obtain a rate cap pursuant to which the interest rate payable by the Borrower will be no higher than the applicable strike price per annum, with no payments of principal during the term, and with all unpaid principal and interest due at maturity. The Mortgage Loan proceeds will be disbursed from time to time by the Mortgage Lender to the Trustee for deposit into the Collateral Fund to allow for a corresponding amount of Bond proceeds to be disbursed to the Project.

The Tax-Exempt Bonds. Simultaneously with the issuance of the Bonds, the Issuer is issuing its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) in the principal amount of $18,200,000* (the "Tax-Exempt Bonds"), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the acquisition, construction and equipping of the Project. The Tax-Exempt Bonds are not being offered pursuant to this Official Statement. Closing on the Bonds is contingent on the closing of the Tax-Exempt Bonds.

* Preliminary; subject to change.

The Low Income Housing Tax Credit Proceeds. Contemporaneously with the issuance of the Bonds, the Investor Limited Partner expects to acquire a 99.99% ownership interest in the Borrower. In connection with such acquisition, the funding of the Tax Credit Equity will total approximately $23,893,839*, with approximately $2,390,000* expected to be funded in connection with the issuance of the Bonds. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

The State Tax Credit Equity Loan. The Project will utilize a loan to the Borrower in the principal amount of $10,680,000* (the "State Tax Credit Equity Loan") pursuant to a [State Tax Credit Purchase and Sale Agreement] among the Borrower, [the State Credit Purchaser] and the Managing General Partner. The proceeds generated from the sale of certificated state tax credits will be used by the Managing General Partner to fund the State Tax Credit Equity Loan, which loan will have a term of 55 years, bear 0% interest and be payable only upon maturity. The State Tax Credit Equity Loan will be secured by a subordinate mortgage against the Project subordinate to the Mortgage Loan.

The Housing Commission Loan. The Project will also utilize a loan in the principal amount of $5,000,000* (the "Housing Commission Loan"). The obligation to repay the Housing Commission Loan will be set forth in a promissory note (the "Housing Commission Note") from the Borrower to the San Diego Housing Commission, as maker of the Housing Commission Loan, and the Housing Commission Loan will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The Housing Commission Note will be secured by a subordinate mortgage against the Project subordinate to the Mortgage Loan. The Housing Commission Note will have a term of 55 years and will bear interest at a rate of 3.0% per annum, with annual principal and interest payable from available cash flow and if not otherwise paid, due at maturity.

The City Loan. The Project will also utilize a loan in the principal amount of $3,175,000* (the "City Loan"). The obligation to repay the City Loan will be set forth in a promissory note (the "City Note") from the Borrower to the City of San Diego, as maker of the City Loan, and the City Loan will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The City Note will be secured by a subordinate mortgage against the Project subordinate to the Mortgage Loan. The City Note will have a term of 55 years and will bear interest at a rate of 3.0% per annum, with annual principal and interest payable from available cash flow and if not otherwise paid, due at maturity.

The San Diego Foundation Loan. The Project will also utilize a loan in the principal amount of $2,000,000* (the "San Diego Foundation Loan"). The obligation to repay the San Diego Foundation Loan will be set forth in a promissory note (the "City Note") from the Borrower to the_____. The City Loan will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The City Note will be [secured by a subordinate mortgage against the Project subordinate to the Mortgage Loan][unsecured]. The City Note will have a term of __ years and will bear interest at a rate of ____% per annum, with annual principal and interest payable from available cash flow and if not otherwise paid, due at maturity.

Deferred Developer Fee. The Project will utilize deferred developer fee in the anticipated amount of $4,480,547* as a source of funding. The deferred developer fee will be repaid through surplus cash flow received from the operation of the Project.

* Preliminary; subject to change.

Project Regulation

The Borrower intends to operate the Project as a qualified residential rental project in accordance with the provisions of Section 142(d) of the Code. Concurrently with the issuance of the Bonds, the Borrower, the Trustee and the Issuer will enter into the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"). Under the Regulatory Agreement, the Borrower will agree that, at all times during the Qualified Project Period (as defined in the Regulatory Agreement), the Borrower will rent at least 40% of the units in the Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is no more than 60% of the area median income (adjusted for family size) ("AMI"). See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT" herein.

In addition to the rental restrictions imposed upon the Project by the Regulatory Agreement, the Project will be further encumbered by a tax credit restrictive covenant, to be executed by the Borrower in connection with the federal low-income housing tax credits anticipated to be granted for the Project and in compliance with the requirements of Section 42 of the Code. Section 42 of the Code will restrict the income levels of 100% of the revenue-producing residential units in the Project (the "Tax Credit Units"). Within the Project, (i) 15 of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 30% of the AMI adjusted for family size, (ii) 11 of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 50% of the AMI adjusted for family size, (iii) 40 of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 60% of the AMI adjusted for family size and (iv) 31 of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 70% of the AMI adjusted for family size.

[There is a Housing Commission regulatory agreement and a City of San Diego regulatory agreement which will encumber the Project and be senior to the Bond loan]

Property Tax Exemption

The Project is eligible for an exemption from certain ad valorem real estate taxes (collectively, the "Real Estate Taxes") pursuant to Section 214(g) of the California Revenue and Taxation Code ("CRT Code"), implementing exemptions permitted under Article XIII of the California Constitution, which CRT Code Section 214(g) delineates the requirements of the welfare tax exemption (the "Welfare Exemption"). In California, affordable housing projects restricted with regulatory agreements with respect to the Bonds and Tax Credits may qualify for the Welfare Exemption when a nonprofit organization is part of the ownership structure and the property is used to provide housing to low-income households with incomes which do not exceed 80% of Area Median Income. This Welfare Exemption applies to properties owned by nonprofits or by limited partnerships in which a nonprofit serves as the managing general partner, which nonprofit is an exempt organization under Internal Revenue Code Section 501(c)(3) or California Franchise Tax Board Section 23701d. The Managing General Partner is owned by Bold Communities, a California nonprofit public benefit corporation and an organization exempt under Section 501(c)(3) of the Internal Revenue Code. To be eligible, the property must be used exclusively for charitable purposes (typically, at least 90% of the units must be restricted to and occupied by low-income resident), and must be subject to a long-term affordability regulatory agreement, among other statutory requirements under CRT Code Section 214(g). The Welfare Exemption can apply to both land and improvements, and may be full or partial depending on the actual qualified use and occupancy of the property by low-income residents with incomes which do not exceed 80% of Area Median Income. To claim the exemption, the nonprofit must submit the

appropriate annual filings to the County Assessor and the State Board of Equalization, with annual filings required to maintain the Welfare Exemption.

The Managing General Partner has undertaken or will undertake the applicable duties and filing responsibilities under the terms of the Partnership Agreement to qualify for the Welfare Exemption. The granting of the welfare exemption under CRT Code Section 214(g) is subject, in all instances, to certain administrative and discretionary determinations of the County Assessor and the State Board of Equalization based on the actual use and occupancy of the Project on an annual basis.

THE TRUSTEE

The information under this heading has been provided solely by representatives of the Trustee and has not been independently verified by the Issuer, the Underwriter or any of their respective counsel, members, officers or employees, or Bond Counsel. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Issuer, the Underwriter or any of their respective counsel, members, officers or employees, or Bond Counsel.

[U.S. Bank Trust Company, National Association, a national banking association], will serve as Trustee under the Indenture. The obligations of the Trustee are described in the Indenture. The Trustee has undertaken only those duties and obligations that are expressly set forth in the Indenture. The Trustee has not independently passed upon the validity of the Bonds, the security of the payment therefor, the value or condition of any assets pledged to the payment thereof, the adequacy of the provisions for such payment, the status for federal or state income tax purposes of the interest on the Bonds, or the investment quality of the Bonds. Except for the contents in this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and has assumed no responsibility for the nature, content, accuracy or completeness of the information included in this Official Statement.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds expected to be deposited under the Indenture upon closing are to be applied as follows:

Sources of Funds*	
Bond Proceeds	$
Total	**$**
Uses of Funds*	
Project Fund	$
Total	**$**

At closing, and from time to time thereafter, moneys on deposit in the Project Fund will be released to pay Project Costs against the simultaneous deposit of Eligible Funds into the Collateral Fund under the Indenture.

CERTAIN HOLDERS' RISKS

* Preliminary; subject to change.

The purchase of the Bonds will involve a number of risks. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors.

General

Payment of the Bond Service Charges and the Borrower's obligations with respect to the Bond Service Charges will be primarily secured by and payable from Bond proceeds held in the Project Fund and money deposited into the Collateral Fund and the Bond Fund, including the Negative Arbitrage Account held in the Bond Fund. Although the Borrower will execute the Note to evidence its obligation to repay the Loan, it is not expected that any revenues from the Project or other amounts, except money in the Special Funds, will be available to satisfy that obligation. The Indenture requires the Trustee to verify, before any disbursement of funds from the Project Fund, that the sum of the funds on deposit in the Project Fund and the Collateral Fund is at least equal to the then-outstanding principal amount of the Bonds, together with any original issue premium deposited therein. It is expected that funds on deposit in the Collateral Fund and the interest earnings thereon will be sufficient to pay the debt service on the Bonds.

Limited Security; Investment of Funds

The Bonds are special limited obligations of the Issuer payable solely from the Trust Estate, which includes certain funds pledged to and held by the Trustee pursuant to the Indenture.

The Bonds are offered solely on the basis of the amounts held under the Indenture and are not offered on the basis of the credit of the Borrower, the feasibility of the Project or any other security, and are not secured by a mortgage. As a consequence, limited information about the Project and no information about the financial condition or results of operations of the Borrower is included in this Official Statement. The Bonds are offered only to investors who, in making their investment decision, rely solely on the amounts held under the Indenture and not on the credit of the Borrower, the feasibility of the Project or any other security.

The principal of and interest on the Bonds are payable from and secured by certain revenues and funds pledged thereto under the Indenture. On the date of delivery of the Bonds, the principal amount of the Bonds is to be deposited in the Project Fund, and an amount equal to the aggregate interest payments on the Bonds from the date of delivery to the Initial Mandatory Tender Date is to be deposited in the Negative Arbitrage Account. Such amounts are to be invested in Eligible Investments pursuant to the Indenture.

The Trustee is required to invest amounts held in the Special Funds in Eligible Investments, as defined in the Indenture. See "APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Investment of Special Funds." Debt Service on the Bonds has been scheduled assuming that the amounts held in the Special Funds earn no interest prior to the Initial Mandatory Tender Date. Failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

Early Redemption of the Bonds

Any person who purchases a Bond should consider the fact that the Bonds are subject to redemption upon the occurrence of certain events. See "THE BONDS – Mandatory Redemption" and "THE BONDS – Optional Redemption" herein.

Enforceability of Remedies

The remedies available to the Trustee and the owners of the Bonds upon an event of default under the Loan Agreement or the Indenture are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under the Loan Agreement or the Indenture may not be readily available, and the Borrower will have no personal liability for the satisfaction of any obligation of the Borrower under such agreements or of any claim against the Borrower arising out of such agreements or the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds and the documents described above is subject to limitations imposed by such things as the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or a court of equity), including judicial limitations on rights to specific performance and bankruptcy, insolvency, reorganization, moratorium or other similar laws heretofore or hereafter in effect affecting creditors' rights, to the extent constitutionally applicable.

Secondary Markets and Prices

The Underwriter will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Bonds contemplated by this Official Statement, and no assurance can be given that the Bonds can be resold at their initial offering prices for any period of time.

Issuer Limited Liability

The Bonds will not be insured or guaranteed by any governmental entity or by the Issuer or any member or program participant of the foregoing. The Holders of the Bonds will have no recourse to the Issuer in the event of an event of default on the Bonds.

Eligible Investments

Proceeds of the Bonds deposited into the Project Fund and Eligible Funds received by the Trustee for deposit into the Collateral Fund are required to be invested in Eligible Investments. See "APPENDIX A — DEFINITIONS OF CERTAIN TERMS" hereto for the definition of Eligible Investments. There can be no assurance that there will not be a loss resulting from any investment held for the credit of the Project Fund or the Collateral Fund, and any failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

Rating Based on Eligible Investments

The rating on the Bonds is based on the investment in Eligible Investments of amounts on deposit in the Project Fund and the Collateral Fund. If one or more of such investments fail to meet the rating standards for Eligible Investments after their acquisition and prior to maturity, such a change may result in a downgrade or withdrawal of the rating on the Bonds.

Future Legislation

The Project, its operation and the treatment of interest on the Bonds are subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. There can be

no assurance that relevant local, State or federal laws, rules and regulations may not be amended or modified or interpreted in the future in a manner that could adversely affect the Bonds, the Trust Estate created under the Indenture, the Project, or the financial condition of or ability of the Borrower to comply with its obligations under the various transaction documents.

Potential Impact of Pandemics or Public Health Crises

The spread of the strain of a virus and resulting disease could alter the behavior of businesses and people in a manner that could have negative effects on global, state and local economies. There can be no assurances that the spread of a pandemic would not materially impact both local and national economies and, accordingly, have a materially adverse impact on the Project's operating and financial viability. The effects of a pandemic could include, among other things, an increase in the time necessary to complete the construction of the Project, suspension or delay of site inspections and other on-site meetings, interruption in the engagement of material participants in the Project, increase in the time necessary to conduct lease-up at the Project, and increased delinquencies and/or vacancies, all of which could impact the Borrower's ability to make payments on the loans and result in a default and acceleration thereof.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement, including the Appendices hereto.

TAX MATTERS

The interest on the Bonds is not intended by the Issuer to be excluded from gross income for federal income tax purposes. However, in the opinion of Jones Hall LLP ("Bond Counsel"), San Mateo, California, interest on the Bonds is exempt from California personal income taxes.

The proposed form of opinion of Bond Counsel with respect to the Bonds to be delivered on the date of issuance of the Bonds is set forth in APPENDIX E.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

UNDERWRITING

Pursuant and subject to the terms and conditions set forth in the Bond Purchase Agreement (the "Bond Purchase Agreement"), among Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), the Issuer, and the Borrower, the Underwriter has agreed to purchase the Bonds at the price set forth on the cover page hereof. For its services relating to the transaction, the Underwriter will receive a fee of $_____ plus $_____, payable in immediately available funds on the Closing Date, from which the Underwriter shall pay certain fees and expenses relating to the issuance of the Bonds. The Underwriter's fee shall not include the fee of its counsel.

The Underwriter's obligations are subject to certain conditions precedent, and the Underwriter will purchase all the Bonds, if any are purchased. Pursuant to the Bond Purchase Agreement, the Borrower has

agreed to indemnify the Underwriter and the Issuer against certain civil liabilities, including liabilities under federal securities laws. It is intended that the Bonds will be offered to the public initially at the offering prices set forth on the cover page hereof and that such offering prices subsequently may change without any requirement of prior notice. The Underwriter may offer the Bonds to other dealers at prices lower than those offered to the public.

The Underwriter does not guarantee a secondary market for the Bonds and is not obligated to make any such market in the Bonds. No assurance can be made that such a market will develop or continue. Consequently, investors may not be able to resell Bonds should they need or wish to do so for emergency or other purposes.

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include securities sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the Issuer and/or the Borrower and to persons and entities with relationships with the Issuer and/or the Borrower, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer and/or the Borrower (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer and/or the Borrower.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer.

In addition to serving as Underwriter, Stifel, Nicolaus & Company, Incorporated has been designated to serve as Remarketing Agent and will receive a fee for its remarketing services in connection with the remarketing, if any, of the Bonds on the Initial Mandatory Tender Date.

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned to the Bonds the rating set forth on the cover page hereof. The rating reflects only the view of Moody's at the time the rating was issued, and an explanation of the significance of such rating may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, 16th Floor, New York, NY 10007. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating can be expected to have an adverse effect on the market price of the Bonds.

None of the Underwriter, the Issuer or the Borrower have undertaken any responsibility after issuance of the Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Jones Hall LLP, San Mateo, California, Bond Counsel to the Issuer. A complete copy of the proposed form of the Bond Counsel opinion is attached hereto as "APPENDIX E — FORM OF OPINION OF BOND COUNSEL." Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C., and for the Borrower by its counsel, Hobson Bernardino, Culver City, California. Compensation for certain of such counsel is contingent upon the issuance of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering those opinions on the legal issues explicitly addressed therein. By rendering the legal opinion, the opinion giver does not become an insurer or guarantor of an expression of professional judgment of the transaction opined upon or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ABSENCE OF LITIGATION

The Issuer

On the date of issuance of the Bonds, the Issuer will deliver certificate(s) to the effect that, to the knowledge of the Issuer, no litigation is pending or threatened against the Issuer (i) to restrain or enjoin the issuance of the Bonds, or contesting or questioning the validity of the Bonds or the proceedings and authority under which the Bonds have been authorized and are to be issued, or the pledge or application of any money or security provided for the payment of the Bonds or (ii) which questions the validity of the Indenture, the Loan Agreement, the Regulatory Agreement or the Bonds.

The Borrower

It is a condition to the Underwriter's acceptance of the Bonds on the date of delivery that the Borrower deliver a certificate to the effect that there are no legal proceedings pending or, to the Borrower's knowledge threatened, to restrain or enjoin the issuance, sale or delivery of the Bonds or the payment, collection or application of the proceeds thereof or of the revenues and other money and securities pledged or to be pledged under the Indenture or in any way contesting or affecting any authority for or the validity of the Bonds or the Indenture.

CONTINUING DISCLOSURE

The Borrower has undertaken responsibility for any continuing disclosure to Holders of the Bonds as described below, and the Issuer will have no liability to the Holders of the Bonds or any other person with respect to such disclosures.

Concurrently with the issuance of the Bonds, the Borrower will enter into a Continuing Disclosure Agreement dated as of June 1, 2026 (the "Continuing Disclosure Agreement") with [U.S. Bank Trust Company, National Association, a national banking association], as the Dissemination Agent, obligating the Borrower to send, or cause to be sent, certain financial information with respect to the Project to certain information repositories annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board, if any, of certain enumerated events for the benefit of the Beneficial Owners and Holders of any of the Bonds, in order to allow the Underwriter to meet the requirements of Section

(b)(5)(i) of Securities Exchange Commission Rule 15c2-12 (the "Rule"). See "APPENDIX F — FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto.

A failure by the Borrower to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Loan Agreement (although Holders will have any available remedy at law or in equity for obtaining necessary disclosures). Nevertheless, such a failure to comply is required to be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds.

The Borrower has not previously been subject to the continuing disclosure requirements of the Rule.

MISCELLANEOUS

The foregoing summaries and explanations do not purport to be comprehensive, and are expressly made subject to the exact provisions of documents referred to herein. Copies of the Indenture, the Loan Agreement and the Regulatory Agreement may be obtained from the Trustee or, during the initial marketing of the Bonds, the Underwriter. Any statements in this Official Statement involving matters of opinion or forecast, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement among the Issuer, the Borrower, or the Underwriter and the purchasers or Holders of any Bonds.

[Signature page to follow]

This Official Statement has been duly authorized, executed and delivered by the Borrower.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC,
a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and
Community Development LLC,
a Delaware limited liability company,
its Sole Member

By: _____
Joel Hammer
Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC,
a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc.,
a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett
CEO

By: BOLD HILLCREST LLC,
a California limited liability company,
its Managing General Partner

By: Bold Communities,
a California nonprofit public benefit
corporation,
its Sole Member

By: _____
Michael Miller
President

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

"Account" means any account within a Fund.

"Act" means Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code.

"Act of Bankruptcy" means written notice to the Trustee that the Borrower has become insolvent or has failed to pay its debts generally as such debts become due or has admitted in writing its inability to pay any of its indebtedness or has consented to or has petitioned or applied to any court or other legal authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or that any such trustee, receiver, liquidator or similar official has been appointed or that a petition in bankruptcy, insolvency, reorganization or liquidation proceedings (or similar proceedings) have been instituted by or against the Borrower; provided that, if in the case of an involuntary proceeding, such proceeding is not dismissed within 90 days after commencement thereof.

"Administrative Expenses" means the Ordinary Trustee Fees and Expenses, the Extraordinary Trustee Fees and Expenses, the Dissemination Agent Fee and the Issuer Fee.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authorized Borrower Representative" means any person who, at any time and from time to time, is designated as the Borrower's authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate revoking such person's authority to act in such capacity. The initial Authorized Borrower Representatives are _____.

"Authorized Denomination" means (a) so long as the Bonds are rated "BBB-" or higher by a Rating Agency, $5,000 or any integral multiple of $1,000 in excess thereof or (b) at any other time, $100,000 or any amount in excess of $100,000 or the outstanding principal amount of the Bonds, if less.

"Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as in effect now and in the future, or any successor statute.

"Beneficial Owner" means with respect to the Bonds, the Person owning the Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

"Beneficial Ownership Interest" means the right to receive payments and notices with respect to the Bonds held in a Book-Entry System.

"Bond Counsel" means Jones Hall LLP or other counsel nationally recognized as having an expertise in connection with the exclusion of interest on obligations of states and local governmental units from the gross income of holders thereof for federal income tax purposes.

"Bond Documents" means, collectively, the Indenture, the Loan Agreement, the Regulatory Agreement and the Note.

"Bond Fund" means the Bond Fund created in the Indenture.

"Bond Payment Date" means each Interest Payment Date and any other date Bond Service Charges on the Bonds are due, whether at maturity, upon redemption, Mandatory Tender or acceleration or otherwise.

"Bond Proceeds" means the proceeds derived from the issuance, sale and delivery of the Bonds, including the aggregate principal amount of the Bonds and premium deposited with the Trustee pursuant to the Indenture.

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated June __, 2026, among the Underwriter, the Issuer, and the Borrower.

"Bond Service Charges" means, for any period or payable at any time, the principal of and interest on the Bonds for that period or payable at that time whether due at maturity or upon redemption, Mandatory Tender or acceleration.

"Bonds" mean the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) of the Issuer authorized pursuant to the Resolution and the Indenture, in an amount not to exceed $31,505,000*.

"Book-Entry Form" or "Book-Entry System" means, with respect to the Bonds, a form or system, as applicable, under which (a) physical Bond certificates in fully registered form are issued only to a Depository or its nominee, with the physical Bond certificates "immobilized" in the custody of the Depository and (b) the ownership of book-entry interests in Bonds and Bond Service Charges thereon may be transferred only through a book-entry made by others than the Issuer or the Trustee. The records maintained by others than the Issuer or the Trustee constitute the written record that identifies the owners, and records the transfer, of book-entry interests in those Bonds and Bond Service Charges thereon.

"Borrower" means Hillcrest Hall LP, a California limited partnership, together with any successors or assigns permitted pursuant to the Loan Agreement.

"Borrower Documents" means the Financing Documents and the Mortgage Loan Documents to which the Borrower is a party.

"Business Day" means a day, other than a Saturday or a Sunday or any other day, on which (a) banking institutions in the State or the City of New York or in the city in which the Designated Corporate Trust Office of the Trustee or Remarketing Agent are located or authorized or obligated by law or executive order to be closed, or (b) The New York Stock Exchange is closed.

"Cash Flow Projection" means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and

* Preliminary; subject to change.

experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Rating Agency, establishing the sufficiency of (a) the amount on deposit in the Special Funds, (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower to pay Bond Service Charges and the Administrative Expenses, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds, (ii) a proposed remarketing of the Bonds, as provided in the Indenture, (iii) a release of Eligible Funds from the Negative Arbitrage Account as provided in the Indenture, (iv) the purchase, sale or exchange of Eligible Investments as provided in the Indenture, or (v) the optional redemption of the Bonds as provided in the Indenture, including in the event that the Trustee intends to sell or otherwise dispose of Eligible Investments prior to maturity at a price below par.

"Closing Date" means June __, 2026.

"Code" means the Internal Revenue Code of 1986.

"Collateral Fund" means the Collateral Fund created in the Indenture.

"Completion Certificate" means the certificate attached as an exhibit to the Loan Agreement.

"Completion Date" means the date of completion of the Project evidenced in accordance with the requirements of the Loan Agreement.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of June 1, 2026, between the Borrower and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Controlling Holders" means in the case of consent or direction to be given hereunder, the Holders of the majority in aggregate principal amount of the Outstanding Bonds.

"Costs of Issuance" means the "issuance costs" with respect to the Bonds within the meaning of Section 147(g) of the Code.

"Costs of Issuance Fund" means the Costs of Issuance Fund created in the Indenture.

"Depository" means, with respect to the Bonds, DTC, until a successor Depository shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, Depository shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under a federal law operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of book-entry interests in Bonds or Bond Service Charges thereon, and to effect transfers of book-entry interests in Bonds.

"Designated Corporate Trust Office" means, with respect to the Trustee or the Remarketing Agent, the office of the Trustee or the Remarketing Agent at the respective notice address set forth in the Indenture or, solely for purposes of presentation for transfer, payment or exchange of the Bonds, the designated corporate trust operations or agency office of the Trustee in San Francisco, California, or at such other address as may be specified in writing by the Trustee or the Remarketing Agent, as applicable, as provided in the Indenture.

"Dissemination Agent" means [U.S. Bank Trust Company, National Association, a national banking association], or any successor, as Dissemination Agent under the Continuing Disclosure Agreement.

"Dissemination Agent Fee" means the fee payable to the Dissemination Agent as compensation for its services and the reimbursement to the Dissemination Agent of its expenses in performing its obligations under the Continuing Disclosure Agreement, which fee is included within the Ordinary Trustee Fees and Expenses; provided, however, the amount of the Dissemination Agent Fee payable under the Indenture is limited to money withdrawn from the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Dissemination Agent Fee pursuant to the Loan Agreement.

"DTC" means The Depository Trust Company (a limited purpose trust company), Brooklyn, New York, and its successors or assigns.

"Eligible Funds" means, as of any date of determination, any of:

(a) the proceeds of the Bonds (including any additional amount paid to the Trustee as the purchase price thereof by the Underwriter);

(b) moneys drawn on a letter of credit;

(c) moneys received by the Trustee representing proceeds of the Mortgage Loan;

(d) remarketing proceeds of the Bonds (including any additional amount paid by the Remarketing Agent to the Trustee as the remarketing price of the Bonds) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer or any Affiliate of either the Borrower or the Issuer);

(e) any other amounts for which the Trustee has received an Opinion of Counsel to the effect that the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no Act of Bankruptcy has occurred during such period; and

(g) investment income derived from the investment of the money described in (a) through (f) above.

"Eligible Investments" means, subject to the provisions of the Indenture, any of the following obligations which mature (or are redeemable at the option of the Trustee without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of the Indenture:

(a) Government Obligations; and

(b) Shares or units in any money market mutual fund rated "Aaa-mf" by Moody's (or the equivalent Highest Rating Category given by the Rating Agency for that general category of security) including mutual funds of the Trustee or its affiliates or for which the Trustee or an

affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor that are registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of direct obligations of the government of the United States of America.

"Event of Default" means (a) with respect to the Indenture, any of the events described as an Event of Default in the Indenture and (b) with respect to the Loan Agreement, any of the events described as an Event of Default in the Loan Agreement.

"Expense Fund" means the Expense Fund created in the Indenture.

"Extension Payment" means the amount due, if any, to provide adequate additional funds for the payment of Bond Service Charges and Administrative Expenses during a Remarketing Period in connection with the change or extension of the Mandatory Tender Date pursuant to the Indenture, and which (a) shall be determined by a Cash Flow Projection and (b) must consist of Eligible Funds.

"Extraordinary Issuer Fees and Expenses" means the expenses and disbursements payable to the Issuer under the Indenture for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by the Issuer, Bond Counsel and counsel to the Issuer which are to be paid by the Borrower pursuant to the Loan Agreement.

"Extraordinary Services" and "Extraordinary Expenses" mean, respectively, all services rendered and all reasonable expenses properly incurred by the Trustee or the Issuer under the Financing Documents, other than Ordinary Services and Ordinary Expenses. Extraordinary Services and Extraordinary Expenses shall specifically include but are not limited to services rendered or expenses incurred by the Trustee or the Issuer in connection with, or in contemplation of, a default or an Event of Default.

"Extraordinary Trustee Fees and Expenses" means the expenses and disbursements payable to the Trustee under the Indenture for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by the Trustee and the Trustee's counsel which are to be paid by the Borrower pursuant to the Loan Agreement.

"Financing Documents" means the Indenture, the Bonds, the Loan Agreement, the Note, the Regulatory Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement and any other instrument or document executed in connection with the Bonds, together with all modifications, extensions, renewals and replacements thereof, but excluding the Mortgage Loan Documents and any secondary financing documents, and any documents relating to low income housing tax credit equity.

"Force Majeure" means any of the causes, circumstances or events described as constituting Force Majeure in the Loan Agreement.

"Fund" means any fund created under the Indenture.

"General Partner" means, collectively, (i) Bold Hillcrest LLC, a California limited liability company, as the managing general partner (the "Managing General Partner"), (ii) Hillcrest Hall AGP LLC, a California limited liability company, as the administrative general partner (the "Administrative General Partner"), (iii) E. Smith Hillcrest Hall LLC, a California limited liability company, as the co-administrative general partner, and/or (iv) any other Person that the partners of the Borrower, selected to be a General Partner of the Borrower.

"Government" shall mean the government of the United States of America, the government of any other nation, any political subdivision of the United States of America or any other nation (including, without limitation, any state, territory, federal district, municipality or possession) and any department, agency or instrumentality thereof; and "Governmental" shall mean of, by, or pertaining to any Government.

"Government Obligations" means (a) noncallable, non-redeemable direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, (b) United States State and Local Government Securities (SLGS), and (c) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a), (b), or (c) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

"Highest Rating Category" means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category, provided that such rating shall include but not be below "Aa1" or "Aa1/VMIG-1" if rated by Moody's or "A-1" or "AA+" if rated by S&P.

"Holder" or "Holder of a Bond" means the Person in whose name a Bond is registered on the Register.

"Indenture" means the Trust Indenture, dated as of June 1, 2026, between the Issuer and the Trustee, as amended or supplemented from time to time.

"Independent" when used with respect to a specified Person means such Person has no specific financial interest direct or indirect in the Borrower or any Affiliate of the Borrower and in the case of an individual is not a director, trustee, officer, partner, member or employee of the Borrower or any Affiliate of the Borrower and in the case of an entity, does not have a partner, director, trustee, officer, member or employee who is a director, trustee, partner, member, officer or employee of any partner or member of the Borrower or any Affiliate of the Borrower.

"Initial Interest Rate" means _____% per annum.

"Initial Mandatory Tender Date" means July 1, 2028*.

"Initial Remarketing Date" means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Bonds on such date as provided in the Indenture are satisfied.

"Interest Payment Date" means (a) January 1 and July 1 of each year, beginning January 1, 2027, (b) each Redemption Date, (c) each Mandatory Tender Date, (d) the Maturity Date and (e) the date of acceleration of the Bonds. In the case of insufficient funds to pay the purchase price on the Bonds following Mandatory Tender on the Initial Mandatory Tender Date, "Interest Payment Date" also means the first Business Day of each month as provided in the Indenture. In the case of a payment of defaulted interest, "Interest Payment Date" also means the date of such payment established pursuant to the Indenture.

* Preliminary; subject to change.

"Interest Rate" means the Initial Interest Rate to but not including the Initial Mandatory Tender Date, and thereafter the applicable Remarketing Rate.

"Investor Limited Partner" means [RSEP Holding, LLC, a Delaware limited liability company], and its permitted successors and assigns.

"Issuer" means the Housing Authority of the City of San Diego, a public body, corporate and politic, duly organized and existing under the laws of the State, and any successor to its rights, duties and obligations.

"Issuer Documents" means the Financing Documents to which the Issuer is a party.

"Issuer Fee" means the "Issuer Annual Fee" of the Issuer in the amount, and payable, as set forth in the Regulatory Agreement.

"Issuer Fees and Expenses" means, collectively, the Issuer Fee and the Extraordinary Issuer Fees and Expenses.

"Lender" means Citibank, N.A., a national banking association, or its successor.

"Loan" means the loan by the Issuer to the Borrower from the proceeds received from the sale of the Bonds.

"Loan Agreement" means the Loan Agreement, dated as of June 1, 2026, between the Issuer and the Borrower, as amended or supplemented from time to time and assigned by the Issuer to the Trustee, except for the Reserved Rights.

"Loan Fee" means the "Issuer Issuance Fee" of the Issuer in the amount, and payable, as set forth in the Regulatory Agreement.

"Loan Payments" means the amounts required to be paid by the Borrower in repayment of its Loan pursuant to the provisions of the Note and the Loan Agreement.

"Local Time" means Eastern time (daylight or standard, as applicable) in New York, New York.

"Managing General Partner" has the meaning given to such term in the definition of "General Partner" above.

"Mandatory Tender" means a tender of Bonds required by the Indenture.

"Mandatory Tender Date" means (a) the Initial Mandatory Tender Date and (b) if the Bonds Outstanding on the Initial Mandatory Tender Date or on any subsequent Mandatory Tender Date are remarketed pursuant to the Indenture for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

"Maturity Date" means January 1, 2030*.

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any

* Preliminary; subject to change.

other nationally recognized rating agency designated by the Borrower and acceptable to the Issuer and the Remarketing Agent.

"Mortgage Loan" means the mortgage loan to be made from the Lender to the Borrower in the principal amount of up to $_____* with respect to the Project.

"Mortgage Loan Documents" means the mortgage, the mortgage note and all other documents required by the Lender in connection with the Mortgage Loan.

"Negative Arbitrage Account" means the Negative Arbitrage Account of the Bond Fund created in the Indenture.

"Note" means the promissory note of the Borrower, dated as of even date with the Bonds initially issued, in the form attached as an exhibit to the Loan Agreement and in the principal amount of $31,505,000*, evidencing the obligation of the Borrower to make Loan Payments.

"Official Statement" means this Official Statement with respect to the Bonds, dated June __, 2026.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel.

"Opinion of Counsel" means a written opinion from an attorney or firm of attorneys (which may be counsel to the Issuer or the Borrower, as applicable), with experience in the matters to be covered in the opinion.

"Optional Call Date" means any date on or after January 1, 2028*.

"Ordinary Services" and "Ordinary Expenses" mean those services normally rendered, and those expenses normally incurred, by an issuer or a trustee under instruments similar to the Indenture.

"Ordinary Trustee Fees and Expenses" means amounts due to the Trustee for the Ordinary Services and the Ordinary Expenses of the Trustee incurred in connection with its duties under the Indenture, payable in advance on the Closing Date, in an amount equal to the agreed upon fee schedule; provided, however, the amount of Ordinary Trustee Fees and Expenses payable under the Indenture is limited to money withdrawn from the Costs of Issuance Fund and the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Ordinary Trustee Fees and Expenses pursuant to the Loan Agreement. In addition, all amounts due to the Trustee for Extraordinary Services and all Extraordinary Expenses of the Trustee will be paid directly by the Borrower pursuant to the Loan Agreement.

"Organizational Documents" means the Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of June 1, 2026, as it may be further amended from time to time.

"Outstanding Bonds," "Bonds outstanding" or "outstanding" as applied to Bonds mean, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under the Indenture, except:

(a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;

* Preliminary; subject to change.

(b) Bonds, or the portion thereof, for the payment or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee on or prior to that date for that purpose (whether upon or prior to the maturity of those Bonds);

(c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indenture; and

(d) Bonds in lieu of which others have been authenticated under the Indenture.

"Permitted Liens" means liens relating to the Project permitted by the Lender.

"Person" or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, limited liability companies, public or governmental bodies, other legal entities and natural persons.

"Plans and Specifications" means the plans and specifications describing the Project as now prepared and as they may be changed as provided in the Loan Agreement.

"Predecessor Bond" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by the particular Bond. For the purposes of this definition, any Bond authenticated and delivered under the Indenture in lieu of a lost, stolen or destroyed Bond shall, except as otherwise provided in the Indenture, be deemed to evidence the same debt as the lost, stolen or destroyed Bond.

"Project" means the acquisition, construction and equipping of that certain 98-unit (including one manager's unit) residential rental housing development located in the City of San Diego, San Diego County, California, on the land more particularly described in the Regulatory Agreement, known or to be known as "Hillcrest Hall." The Project also includes approximately 2,394 square feet of commercial retail space which will be subject to a master lease between the Borrower, as lessor, and an affiliate of the Administrative General Partner, as lessee.

"Project Costs" means the costs of the Project specified in the Loan Agreement.

"Project Fund" means the Project Fund created in the Indenture.

"Rating Agency" means Moody's, S&P, or any other nationally recognized securities rating agency rating the Bonds, or such rating agency's successors or assigns, and initially means Moody's so long as Moody's is rating the Bonds.

"Rating Category" means one of the rating categories of the Rating Agency for the specific type and duration of the applicable Eligible Investment.

"Redemption Date" means any date upon which Bonds are to be redeemed pursuant to the Indenture.

"Register" means the books kept and maintained by the Trustee for registration and transfer of Bonds pursuant to the Indenture.

"Regular Record Date" means, with respect to any Bond, the fifteenth day of the calendar month next preceding each Interest Payment Date.

"Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of June 1, 2026, by and among the Issuer, the Trustee and the Borrower, as the same may be amended, modified or supplemented from time to time.

"Remarketing Agent" means, initially, Stifel, Nicolaus & Company, Incorporated, and thereafter any successor Remarketing Agent (which meets the requirements of the Indenture) that may be appointed by the Authorized Borrower Representative.

"Remarketing Agreement" means the Remarketing Agreement, dated as of June 1, 2026, by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

"Remarketing Date" means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to the Indenture for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

"Remarketing Period" means the period beginning on a Remarketing Date and ending on the last day of the term for which Bonds are remarketed pursuant to the Indenture or the final Maturity Date of the Bonds, as applicable.

"Remarketing Proceeds Account" means the Remarketing Proceeds Account of the Bond Fund created in the Indenture.

"Remarketing Rate" means the interest rate or rates established pursuant to the Indenture and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

"Reserved Rights" of the Issuer means (a) the right of the Issuer to amounts payable to it pursuant to the Loan Agreement and the Regulatory Agreement, (b) all rights which the Issuer or its members, directors, officers, officials, agents or employees may have under the Indenture and the Financing Documents to indemnification by the Borrower and by any other persons and to payments for expenses incurred by the Issuer itself, or its members, directors, officers, officials, agents or employees, (c) the right of the Issuer to receive notices, reports or other information, make determinations and grant approvals hereunder and under any of the other Financing Documents, (d) all rights of the Issuer to enforce the representations, warranties, covenants and agreements of the Borrower pertaining in any manner or way, directly or indirectly, to the requirements of the Code, the Act or of the Issuer, and set forth in any of the Financing Documents or in any other certificate or agreement executed by the Borrower, (e) all Project and document inspection rights of the Issuer, (f) all rights of the Issuer in connection with any amendment to or modification of any of the Financing Documents, and (g) all enforcement remedies with respect to the foregoing.

"Resolution" means the resolution adopted by the Issuer authorizing the issuance of the Bonds.

"Revenues" means (a) the Loan Payments, (b) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (c) any money and investments in the Special Funds, and (d) all income and profit from the investment of the foregoing money.

"S&P" means S&P Global Ratings, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Issuer and the Remarketing Agent.

"Special Funds" means, collectively, the Bond Fund, the Project Fund and the Collateral Fund, and any accounts therein, all as created in the Indenture.

"Special Record Date" means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest or principal on that Bond.

"State" means the State of California.

"Supplemental Indenture" means any indenture supplemental to the Indenture entered into between the Issuer and the Trustee in accordance with the Indenture.

"Tendered Bond" means any Bond which has been tendered for purchase pursuant to a Mandatory Tender.

"Trust Estate" means the property rights, money, securities and other amounts pledged and assigned to the Trustee under the Indenture pursuant to the granting clauses of the Indenture.

"Trustee" means [U.S. Bank Trust Company, National Association, a national banking association], or a successor Trustee appointed pursuant to the applicable provisions of the Indenture, and thereafter, "Trustee" shall mean the successor Trustee.

"Undelivered Bond" means any Bond that is required under the Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date but that has not been received on the date such Bond is required to be so delivered.

"Underwriter" means Stifel, Nicolaus & Company, Incorporated.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture, copies of which are on file with the Issuer and the Trustee.

Creation of Funds

There are established by the Indenture with the Trustee the following Funds and Accounts to be held in trust and maintained by the Trustee under the Indenture:

(a) the Bond Fund, and therein the Negative Arbitrage Account and the Remarketing Proceeds Account (but only at such times as money is to be deposited or held in such Accounts as provided in the Indenture);

(b) the Project Fund;

(c) the Costs of Issuance Fund;

(d) the Collateral Fund; and

(e) the Expense Fund.

Each fund and account therein shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in the Indenture. All money deposited in the funds and accounts created under the Indenture shall be used solely for the purposes set forth in the Indenture. The Trustee shall keep and maintain adequate records pertaining to each fund and account, and all disbursements therefrom, in accordance with its general practices and procedures in effect from time to time. The Trustee may also terminate funds and accounts that are no longer needed.

The Trustee shall, at the written direction of an Authorized Borrower Representative and may, in its discretion, establish such additional accounts within any fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of the Indenture with respect to a deposit or use of money in the Special Funds, or result in commingling of funds not permitted under the Indenture.

Bond Fund

On the Closing Date, there shall be deposited into the Negative Arbitrage Account of the Bond Fund the amount set forth in the Indenture. The portion of any Extension Payment received by the Trustee in connection with a remarketing in accordance with the Indenture designated for the payment of Bond Service Charges shall also be deposited into the Negative Arbitrage Account.

So long as there are any Outstanding Bonds, to the extent the Borrower has not received a credit against Loan Payments, all Loan Payments under the Loan Agreement shall be paid by the Borrower on or before each Interest Payment Date directly to the Trustee, and deposited into the Bond Fund, in at least the amount necessary to pay the Bond Service Charges due on the Bonds on such Interest Payment Date.

The Bond Fund (and accounts therein for which provision is made in the Indenture) and the money and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Service Charges as they become due.

Bond Service Charges shall be payable, as they become due, in the following order (a) from money on deposit in the Bond Fund (other than the Negative Arbitrage Account within the Bond Fund), (b) from money on deposit in the Negative Arbitrage Account within the Bond Fund, (c) from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (d) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Upon receipt by the Trustee of a Cash Flow Projection provided on behalf of the Borrower, the Trustee is authorized by the Indenture to release from the Negative Arbitrage Account the amount set forth in the Cash Flow Projection to be released to or at the written direction of the Borrower from such account.

Project Fund

Upon the deposit of Eligible Funds into the Collateral Fund as provided in the Indenture, and subject to the provisions of this heading, the Trustee shall disburse a corresponding amount of the Bond proceeds on deposit in the Project Fund to, or at the written direction of, the Lender if such disbursement is in connection with advances of proceeds of the Mortgage Loan, for payment of Project Costs in accordance with the Loan Agreement; provided, however, to the extent money on deposit in the Project Fund is invested in Eligible Investments, the Trustee is authorized by the Indenture to make the following allocations and exchanges, which allocations and exchanges shall occur prior to the disbursement of amounts on deposit in the Project Fund to pay Project Costs: (i) allocate all or a portion of the Eligible Investments in the Project Fund, in the amount specified in the request for disbursement, to the Collateral Fund and (ii) transfer a like amount from the Collateral Fund to the Project Fund. To the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund or the Collateral Fund, the Trustee shall transfer from the Project Fund to the Bond Fund sufficient money to pay Bond Service Charges on each Interest Payment Date without further written direction. The Trustee shall not deposit Eligible Funds into the Collateral Fund unless it is prepared to immediately disburse a like amount from the Project Fund for the Payment of Project Costs. If the Trustee is not prepared to do so, it shall notify the Lender or other provider of Eligible Funds, as applicable, and return the Eligible Funds to the Lender or other provider of Eligible Funds, as applicable, in the respective amounts provided by the Lender or other provider of Eligible Funds, as applicable.

The Trustee shall cause to be kept and maintained records pertaining to the Project Fund and all disbursements therefrom. If requested by the Issuer, the Investor Limited Partner or the Borrower, after the Project has been completed and a Completion Certificate is filed as provided in the Indenture, the Trustee shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Issuer, the Managing General Partner and the Investor Limited Partner. The Trustee shall satisfy this obligation by providing statements for all periods in which there are funds in the Project Fund.

Notwithstanding any provision of the Loan Agreement or any other provision of the Indenture to the contrary and except to make necessary interest payments, the Trustee shall not disburse money from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited in the Collateral Fund. Prior to making any disbursement (except to the extent necessary to pay Bond Service Charges), the Trustee shall determine that the aggregate principal amount that will be held in (a) the Collateral Fund and (b) the Project Fund, after the anticipated disbursement, is at least equal to the then-Outstanding principal amount of the Bonds, together with any original issue premium deposited therein pursuant to the Indenture.

On the earlier of the Maturity Date or any Mandatory Tender Date with respect to which the Bonds are not remarketed, the Trustee shall transfer any amounts then on deposit in the Project Fund into the Bond Fund to pay Bond Service Charges on the Bonds.

Upon the occurrence and continuance of an Event of Default under the Indenture because of which the principal amount of the Bonds has been declared to be due and immediately payable pursuant to the Indenture, any money remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

Collateral Fund

The Trustee shall deposit into the Collateral Fund all Eligible Funds received pursuant to the Loan Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. The Loan Agreement requires the Borrower to cause Eligible Funds to be paid to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee to pay Project Costs.

Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions of the Indenture.

The Trustee shall transfer money in the Collateral Fund as follows: (i) on each Bond Payment Date, to the Bond Fund, the amount necessary to pay Bond Service Charges due on such Bond Payment Date (to the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund); (ii) on the Mandatory Tender Date, to the Bond Fund, the amount necessary to pay the redemption price of the Bonds, if the Bonds are not remarketed on any Mandatory Tender Date; and (iii) on the Maturity Date of the Bonds, to the Bond Fund the amount necessary to pay all amounts due on the Bonds on such date.

On the earlier of the Maturity Date or any Mandatory Tender Date with respect to which the Bonds are not remarketed, the Trustee shall transfer all amounts then on deposit in the Collateral Fund into the Bond Fund to pay Bond Service Charges on the Bonds.

Amounts on deposit in the Collateral Fund in excess of the amount required to pay Bond Service Charges after payment in full of the Bonds may be transferred to the Project Fund and used to pay costs of the Project as provided in the Loan Agreement.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Bond Fund and applied to the payment of the principal of any of the Bonds, or the principal component of the redemption price of any of the Bonds, all as provided in the Indenture.

Investment of Special Funds

Except as otherwise described in this heading, moneys in the Special Funds shall be invested and reinvested by the Trustee in Eligible Investments at the oral or written direction (promptly confirmed in writing, if oral) of the Authorized Borrower Representative (such direction to specify the particular investment to be made).

Investments of moneys in the Bond Fund shall mature or be redeemable at par at the times and in the amounts necessary to provide moneys to pay Bond Service Charges on the Bonds. Each investment of moneys in the Project Fund will mature or be redeemable without penalty at such time as may be necessary to make payments from the Project Fund, including on each Interest Payment Date, Mandatory Tender

Date, Redemption Date or the Maturity Date. Any of those investments may be purchased from or sold to the Trustee, the registrar, an authenticating agent or a paying agent, or any bank, trust company or savings and loan association affiliated with any of the foregoing. The Trustee shall sell or redeem investments credited to the Special Funds to produce sufficient moneys applicable under the Indenture to and at the times required for the purposes of paying Bond Service Charges when due as aforesaid, and will do so without necessity for any order on behalf of the Issuer and without restriction by reason of any order. The Trustee is permitted to invest in Eligible Investments that mature on or before the Initial Mandatory Tender Date but is not permitted to sell or otherwise dispose of such Eligible Investments prior to maturity at a price below par without first receiving from the Borrower, at the Borrower's expense, (i) a Cash Flow Projection and (ii) Eligible Funds (excluding, however, proceeds of the Bonds), if any, as set forth in the Cash Flow Projection. An investment made from moneys credited to the Special Funds will constitute part of that respective Fund. All investment earnings from amounts on deposit in the Special Funds shall be credited to the Bond Fund. All gains resulting from the sale of, or income from, any investment made from moneys credited to the Special Funds shall be credited to and become part of the Bond Fund. Notwithstanding the foregoing, any moneys held under the Indenture without the written direction of the Authorized Borrower Representative shall be invested in Eligible Investments. If the Trustee is required to sell or otherwise dispose of any Eligible Investments prior to maturity, the Borrower shall, at the Borrower's expense, deliver to the Trustee (i) a Cash Flow Projection and (ii) Eligible Funds in the amount set forth in such Cash Flow Projection, if any. Following the Closing Date, at the direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Eligible Investments with a Cash Flow Projection. Notwithstanding anything contained in the Indenture to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for the purpose of paying Bond Service Charges shall be held uninvested and (ii) Bond proceeds and the amounts in the Negative Arbitrage Account shall be held uninvested until the Trustee has purchased, sold or exchanged Eligible Investments.

The Trustee shall have no liability whatsoever for any loss, fee, tax or other charge incurred in connection with any investment, reinvestment or liquidation of an investment under the Indenture.

The Trustee

Prior to the occurrence of an Event of Default (as defined in the Indenture) of which the Trustee has been notified, as provided in the Indenture, or of which the Trustee is deemed to have actual notice, and after the cure or waiver of all Events of Default which may have occurred, (i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in the Indenture, and no duties or obligations shall be implied to the Trustee and (ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provision thereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture.

In case an Event of Default has occurred and is continuing under the Indenture (of which the Trustee has been notified or is deemed to have notice pursuant to the Indenture), the Trustee shall exercise those rights and powers vested in it by the Indenture and shall 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 their own affairs.

Before taking action under the Indenture (with the exception of any action required to be taken under the Indenture with regard to notice of an Event of Default or giving notice of the acceleration of the Bonds under the Indenture), the Trustee may require that an indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any

action so taken, except liability resulting from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the Borrower shall reimburse the Trustee for all of the Trustee's expenses pursuant to the Indenture.

Resignation by the Trustee

The Trustee may resign at any time from the trusts created by the Indenture by giving written notice of the resignation to the Issuer, the Borrower and the Remarketing Agent, and by mailing written notice of the resignation to the Holders as their names and addresses appear on the Register at the close of business 15 days prior to the mailing. The resignation shall take effect upon the appointment of a successor Trustee as provided for in the Indenture or an order of a court of competent jurisdiction allowing the Trustee to resign.

Defaults; Events of Default

The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default under the Indenture:

(a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;

(b) Payment of the principal of any Bond shall not be made when and as that principal shall become due and payable, whether at stated maturity, upon acceleration or otherwise;

(c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or in the Bonds, which failure shall have continued for a period of 30 days after written notice, by registered or certified mail, to the Issuer and the Borrower specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of at least 50% in aggregate principal amount of Bonds then Outstanding; and

(d) The occurrence and continuance of an Event of Default as defined in the Loan Agreement.

The term "default" or "failure" as used above means (i) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in the Indenture or in the Bonds, or (ii) a default or failure by the Borrower under the Loan Agreement, beyond any applicable period of grace or notice required to constitute an Event of Default, as provided above or in the Loan Agreement.

Acceleration

Upon the occurrence of an Event of Default described in (a) and (b) under "—Defaults; Events of Default" above, the Trustee may declare, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding the Trustee will declare by a notice in writing delivered to the Borrower and the Issuer, the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon the occurrence of any Event of Default other than those described in (a) and (b) above, the Trustee may, with the written consent of all Holders of Bonds then Outstanding, declare by a notice in writing delivered to the Borrower, the principal of all Bonds then Outstanding (if not then due and payable), and the interest thereon, to be due

and payable immediately. Upon such declaration, that principal and interest shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided that interest on any unpaid principal of Bonds Outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions described in the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Indenture (after an opportunity for hearing by the Issuer and the Borrower):

(a) all sums payable under the Indenture (except the principal of and interest on Bonds which have not reached their stated maturity dates but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds in respect of which the default shall have occurred, shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee, and

(b) all existing Events of Default shall have been cured,

then and in every case, the Trustee shall waive the Event of Default and its consequences and shall rescind and annul that declaration. No waiver or rescission and annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

Other Remedies; Rights of Holders

With or without taking action described under "Acceleration" above, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or equity to enforce the payment of Bond Service Charges or the observance and performance of any other covenant, agreement or obligation under the Indenture, the Loan Agreement, the Regulatory Agreement or the Note or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Holders of at least 50% in aggregate principal amount of Bonds Outstanding, the Trustee (subject to the provisions of the Indenture), shall exercise any rights and powers conferred by the Indenture.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by the Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or otherwise to the Trustee or to the Holders now or hereafter existing.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

As the assignee of all right, title and interest of the Issuer in and to the Loan Agreement (except for the Reserved Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Loan Agreement. In exercising any remedy, right or power under the Indenture or under the Loan Agreement, the Trustee shall take any action which would best serve the interests of the Holders in the judgment of the Trustee, applying the standards described in the Indenture.

Nothing in the Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

Right of Holders to Direct Proceedings

Anything to the contrary in the Indenture notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings under the Indenture; provided, that (a) any direction shall not be other than in accordance with the provisions of law and of the Indenture, (b) the Trustee shall be indemnified as provided in the Indenture, and (c) the Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction.

Application of Money

If at any time after the occurrence of an Event of Default, the money held by the Trustee under the Indenture shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable, such money, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of remedies in the Indenture or otherwise, shall, be applied by the Trustee as described below.

After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of money and to all fees of the Trustee for Ordinary and Extraordinary Expenses pursuant to any right given or action taken under the provisions of the Financing Documents (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under the Indenture), all money received by the Trustee, shall be applied as follows, subject to the provisions of the Indenture:

(a) Unless the principal of all of the Bonds shall have become, or shall have been declared to be, due and payable, all of such money shall be deposited in the Bond Fund and shall be applied:

First -- To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Second -- To the payment to the Holders entitled thereto of the unpaid principal of any of the Bonds which shall have become due, in the order of their due dates, beginning

with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all of the Bonds shall have become due or shall have been declared to be due and payable pursuant to the Indenture, all of such money shall be deposited into the Bond Fund and shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds shall have been declared to be due and payable pursuant to the Indenture, and if that declaration thereafter shall have been rescinded and annulled under the provisions of the Indenture, subject to the provisions of paragraph (b) above in the event that the principal of all of the Bonds shall become due and payable later, the money shall be deposited in the Bond Fund and shall be applied in accordance with the provisions of the Indenture.

(d) Whenever money is to be applied pursuant to the provisions described under this subcaption, such money shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee shall direct the application of such money, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the money is available therefor. The Trustee shall give notice of the deposit with it of any money and of the fixing of that date, all consistent with the requirements of the Indenture for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of a Bond to the Holder thereof until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

Rights and Remedies of Holders

A Holder shall not have any right to institute any suit, action or proceeding for the enforcement of the Indenture, for the execution of any trust of the Indenture, or for the exercise of any other remedy under the Indenture, unless:

(a) there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in the Indenture, or of which it is deemed to have actual notice under the Indenture,

(b) the Holders of at least 50% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee as provided in the Indenture, and

(c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and offer of indemnity are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of the Indenture by its or their action, or to enforce, except in the manner provided in the Indenture, any remedy, right or power under the Indenture. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided in the Indenture for the benefit of the Holders of all Bonds then Outstanding. Nothing in the Indenture shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Waivers of Events of Default

Except as described below, at any time, in its discretion, the Trustee may waive any Event of Default under the Indenture and its consequences and may rescind and annul any declaration of maturity of principal of or interest on, the Bonds. The Trustee shall do so upon the written request of the Holders of:

(a) at least a majority in aggregate principal amount of all Bonds then Outstanding in respect of which an Event of Default in the payment of Bond Service Charges exists, or

(b) at least 50% in aggregate principal amount of all Bonds then Outstanding, in the case of any other Event of Default.

There shall not be so waived, however, any Event of Default described in paragraphs (a) or (b) under "—Defaults; Events of Default" above or any declaration of acceleration in connection therewith rescinded or annulled, unless, at the time of that waiver or rescission and annulment, payments of the amounts provided in the Indenture for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights under the Indenture, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Supplemental Indentures Not Requiring Consent of Holders

Without the consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into indentures supplemental to the Indenture which shall not, in the opinion of the Issuer, be inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes:

(a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;

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

(c) to assign additional revenues under the Indenture;

(d) to accept additional security and instruments and documents of further assurance with respect to the Project;

(e) to add to the covenants, agreements, obligations and rights of the Issuer under the Indenture, other covenants, agreements and obligations to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in the Indenture;

(f) to evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under the Indenture, the Loan Agreement and the Bonds;

(g) to facilitate (i) the transfer of Bonds issued by the Issuer under the Indenture and held in Book-Entry Form from one Depository to another and the succession of Depositories, or (ii) the withdrawal of Bonds issued by the Issuer under the Indenture and delivered to a Depository for use in a Book-Entry System and the issuance of replacement Bonds in fully registered form and in the form of physical certificates to others than a Depository;

(h) to permit the Trustee to comply with any obligations imposed upon it by law;

(i) to specify further the duties and responsibilities of the Trustee; and

(j) to achieve compliance of the Indenture with any applicable federal securities or tax law.

The provisions of subsections (h) and (j) above shall not be deemed to constitute a waiver by the Trustee, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to the Indenture or the Bonds.

Supplemental Indentures Requiring Consent of Holders

Exclusive of Supplemental Indentures described above and subject to the terms, provisions and limitations described below, and not otherwise, with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, evidenced as provided in the Indenture, and with the consent of the Borrower if required by the Indenture, the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing in the Indenture shall permit, however, or be construed as permitting:

(a) without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or

(b) without the consent of the Holders of all Bonds then Outstanding, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer shall request that the Trustee execute and deliver any Supplemental Indenture for any of the purposes described under this subcaption, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by the Indenture, receipt of the Borrower's consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee shall cause notice (such

notice to be prepared by the Borrower or its agent) of the proposed execution and delivery of the Supplemental Indenture to be mailed by first-class mail, postage prepaid, to all Holders of Bonds then Outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing.

The Trustee shall not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice described under this subcaption. Any failure of that nature shall not affect the validity of the Supplemental Indenture when there has been consent thereto as described under this subcaption. The notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Designated Corporate Trust Office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period prescribed by the Borrower, of not less than 60 days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto.

Any consent shall be binding upon the Holder of the Bond giving the consent and, anything in the Indenture to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds Outstanding shall have consented to the Supplemental Indenture, as described under this subcaption, no Holder shall have any right (a) to object to (i) the execution or delivery of the Supplemental Indenture, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

Consent of Borrower and Investor Limited Partner

Anything contained in the Indenture to the contrary notwithstanding, any Supplemental Indenture executed and delivered in accordance with the Indenture which affects in any material respect any rights or obligations of the Borrower shall not become effective unless and until the Borrower and Investor Limited Partner shall have consented in writing to the execution and delivery of that Supplemental Indenture.

Defeasance

Release of Indenture. If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all

Bond Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable under the Indenture or under the Loan Agreement, the Regulatory Agreement and the Note, then the Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to "Payment and Discharge of Bonds" below), and the covenants, agreements and obligations of the Issuer under the Indenture shall be released, discharged and satisfied. The Indenture will be discharged and will cease to be of further effect as to all Bonds, and the Trustee, on written demand of and at the expense of the Issuer and upon receipt of an Opinion of Counsel stating that all conditions precedent to satisfaction and discharge have been satisfied, shall execute proper instruments acknowledging the same.

Thereupon, and subject to the provisions of the Indenture if applicable:

(a) the Trustee shall release the Indenture (except for those provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to "Payment and Discharge of Bonds" below), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer, and

(b) the Trustee shall assign and deliver to the Issuer any property subject at the time to the lien of the Indenture which then may be in their possession, except amounts in the Bond Fund required (i) to be paid to the Borrower under the Indenture, or (ii) to be held by the Trustee under the Indenture or otherwise for the payment of Bond Service Charges.

Payment and Discharge of Bonds. All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of the Indenture, including without limitation, of the Indenture, if:

(a) the Trustee shall have received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable Government Obligations which are certified by an Independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in subparagraph (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided in the Indenture), for the payment of all Bond Service Charges on those Bonds at their maturity.

Any money held by the Trustee in accordance with the provisions of this section may be invested by the Trustee only in noncallable Government Obligations having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this section is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this section, that income, interest or increment shall be transferred at the time of that determination in the manner provided in the Indenture for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to this heading, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are

deemed paid and discharged, set forth a description of the obligations held pursuant to subparagraph (b) of the first paragraph of this heading.

Mortgage Loan Documents

In the event of any conflict and to the extent that there is any inconsistency or ambiguity between the provisions of the Indenture and the provisions of the Mortgage Loan Documents, the Mortgage Loan Documents, will be deemed to be controlling, and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of the Mortgage Loan Documents, in accordance with their terms. Notwithstanding any provision of the Indenture to the contrary, the parties to the Indenture acknowledge and agree that all of their respective rights and powers to any assets or properties of the Borrower are subordinate and subject to the liens created by the mortgage associated with the Mortgage Loan, in accordance with its terms, together with any and all amounts from time to time secured thereby, and interest thereon, and to all of the terms and provisions of the Mortgage, and any and all other documents executed by the Borrower in connection therewith.

Failure of the Issuer or the Borrower to comply with any of the covenants set forth in the Indenture will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

There is no pledge under the Indenture of the gross revenues or any of the assets of the Project.

Nothing contained in the Indenture shall inhibit or impair the right of the Lender to require or agree to any amendment, change or modification of any Mortgage Loan Documents related to the Project, for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or in regard to matters or questions arising under said Mortgage Loan Documents so long as any such amendment, change or modification shall not adversely affect the payment terms of the Bonds.

Proceeds from any condemnation award or from the payment of a claim under any hazard insurance policy relating to the Project will not be payable to the Trustee, but will be payable in accordance with the Mortgage Loan Documents, in accordance with their terms.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Loan Agreement, copies of which are on file with the Issuer and the Trustee.

Representations and Covenants of the Borrower

The Borrower represents and covenants that:

(a) The Borrower (i) is a limited partnership duly formed and in full force and effect under the laws of the State, (ii) based on that certain Certificate of Existence issued by the Secretary of State of the State, validly existing and duly qualified to transact business in the State, (iii) is not in violation of any provision of any applicable Organizational Documents and (iv) is authorized to own and operate the Project in the State.

(b) It has full power and authority to execute, deliver and perform the Borrower Documents and to enter into and carry out the transactions contemplated by those documents. The execution, delivery and performance of the Borrower Documents do not, and will not, violate any provision of law applicable to the Borrower and do not, and will not, conflict with or result in a default in any material respect under any agreement or instrument to which the Borrower is a party or by which it is bound. The Borrower Documents have, by proper action, been duly authorized, executed and delivered by the Borrower and all steps necessary have been taken to constitute the Borrower Documents valid and binding obligations of the Borrower, enforceable in accordance with their terms except as may be limited by laws relating to bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting creditors' rights.

(c) The Managing General Partner, the Administrative General Partners and the Investor Limited Partner as identified in the Borrower's Organizational Documents, comprise all of the partners of the Borrower. The Borrower does not currently operate or conduct any business except as related to the financing, ownership, operation and construction of the Project. The Borrower has no material assets or property other than its anticipated interest in the Project.

(d) The Managing General Partner is duly organized and in full force and effect under the laws of the State, and has the requisite legal authority to become and to act as the Managing General Partner of the Borrower. Each Administrative General Partner is duly organized and in full force and effect under the laws of the State and has the requisite legal authority to become and to act as the Administrative General Partner of the Borrower.

(e) The provision of financial assistance to be made available to it under the Loan Agreement and the commitments therefor made by the Issuer have induced the Borrower to undertake the transactions contemplated by the Loan Agreement.

(f) The Borrower will use and operate the Project in a manner consistent with the Act and in accordance with the Regulatory Agreement for as long as required by the Act and the Code and knows of no reason why the Project will not be so operated. If, in the future, there is a cessation of that operation, it will use its best efforts to resume that operation or accomplish an alternate use by the Borrower or others approved by the Issuer which will be consistent with the Act, the Code and the Regulatory Agreement.

(g) The Project will be completed in accordance with the Plans and Specifications and the portion of the Project funded with the proceeds of the Bonds will constitute a qualified residential rental project within the meaning of Section 142(d) of the Code and will be operated and maintained in such manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other applicable Governmental regulations and as to be consistent with the Act.

(h) The Project will be located entirely within the City of San Diego, California.

(i) The Borrower has obtained or will obtain all consents, approvals, permits, authorizations and orders of any governmental or regulatory agency that are required to be obtained by the Borrower as a condition precedent to the issuance of the Bonds, the execution and delivery of the Borrower Documents or the performance by the Borrower of its obligations thereunder, or that were or are required for the construction and/or operation of the Project.

(j) No litigation at law or in equity or proceeding before any governmental agency involving the Borrower is pending or, to the best of its knowledge, threatened in which any liability of the Borrower is not adequately covered by insurance or in which any judgment or order would have a material adverse effect upon the business or assets of the Borrower or that would affect its existence or authority to do business, the construction, equipping or operation of the Project, the validity of any Borrower Documents or the performance of its obligations thereunder.

(k) The Borrower is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in material default under any instrument under and subject to which any indebtedness has been incurred, and no event has occurred and is continuing that, under the provisions of any such agreement, with the lapse of time or the giving of notice, or both, would constitute an event of default by the Borrower thereunder.

(l) The Borrower is not in default under or in violation of, and the execution, delivery and compliance by the Borrower with the terms and conditions of the Borrower Documents do not and will not conflict with or constitute or result in a default by the Borrower in any material respect under or violate, (i) the Borrower's organizational documents, (ii) any agreement or other instrument to which the Borrower is a party or by which it or its assets are bound, or (iii) to the best of its knowledge, any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Borrower or its property, and no event has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(m) The Borrower has received and reviewed a copy of the Indenture and approves the terms and conditions thereof and agrees to the terms thereof.

(n) The Borrower has filed or caused to be filed all federal, state and local tax returns that are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(o) Neither the Borrower nor any related Person thereto shall acquire any Bonds in any amount.

(p) The Borrower has or will have fee interest in the real property and has or will have good and marketable fee interest in the improvements upon the land constituting the site of the

Project on the Closing Date. There are no liens or encumbrances against such property other than Permitted Liens.

(q) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project; and that it has not relied on the Issuer or its counsel for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Loan Agreement and the Indenture or otherwise relied on the Issuer or its counsel in any manner.

(r) The Project is, as of the Closing Date, in compliance with all applicable requirements of the Regulatory Agreement, including all applicable requirements of the Act and Code. The Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code. All current leases comply, and all future residential leases will comply, with all applicable laws and the Regulatory Agreement. The Project meets the requirements of the Loan Agreement, the Regulatory Agreement, the Act and the Code with respect to multifamily rental housing.

(s) [Reserved.]

(t) [Reserved.]

(u) [Reserved.]

(v) [Reserved.]

(w) [Reserved.]

(x) The Borrower intends to hold the Project for its own account and has no current plans to sell and has not entered into any agreement to sell all or any portion of the Project.

(y) [Reserved.]

(z) All material information provided by the Borrower to the Issuer concerning the Project and the Borrower was and is on the date of execution of the Loan Agreement true and correct.

The Borrower acknowledges that the representations and covenants in the Loan Agreement made by the Borrower have been expressly and specifically relied upon by the Issuer in determining to make the Loan to the Borrower and the Loan would not have been made but for such representations and covenants. All material information provided by the Borrower to the Issuer concerning the Project and the Borrower was and is on the date of execution of the Loan Agreement true and correct.

General Terms of the Financing

To provide funds to finance the Loan for purposes of assisting the Borrower in paying Project Costs, the Issuer shall simultaneously with the execution and delivery of the Loan Agreement proceed with

the issuance and delivery of the Bonds upon receipt by the Trustee of the items listed in the Indenture. The Issuer agrees to deposit the proceeds of sale of the Bonds in accordance with the Indenture.

Mortgage Loan to Borrower

To provide and secure funds for the repayment of the Loan, and to provide for the delivery of the Eligible Funds, the Borrower shall simultaneously with the execution and delivery of the Loan Agreement, proceed with obtaining the Mortgage Loan and entering into the Mortgage Loan Documents. In particular, the Borrower will promptly take all necessary actions on its part to close the Mortgage Loan and satisfy all other terms and conditions of the Mortgage Loan Documents and the requirements of the Lender. The Mortgage Loan will be secured on a non-recourse basis pursuant to the Mortgage Loan Documents.

In connection with the Mortgage Loan, the Borrower shall execute and deliver such documents as may be customarily utilized for mortgage loans, with such omissions, insertions and variations as may be permitted by the Lender, and as may be consistent with the terms and provisions of the Loan Agreement.

Disbursements from the Project Fund

Subject to the provisions below and so long as no Event of Default under the Loan Agreement has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to the Loan Agreement and the Indenture, disbursements from the Project Fund shall be made only to pay any of the following Project Costs:

(a) Costs incurred directly or indirectly for or in connection with the construction, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the construction period with respect to the Project.

(c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the construction period.

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.

(e) Costs of Issuance of the Bonds, including, financial, legal, accounting, cash flow verification, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including, without limitation, the fees and expenses of the Trustee (including attorney's fees and expenses) properly incurred under the Indenture that may become due and payable during the construction period.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of construction, improvement and equipping of the Project.

(g) Payment of interest on the Bonds and other Project-related indebtedness during the construction period.

Any disbursements from the Project Fund for the payment of Project Costs shall be made by the Trustee only upon the receipt by the Trustee of: (a) a disbursement request in the form attached to the Loan Agreement as an exhibit, on which the Trustee may conclusively rely; and (b) Eligible Funds in an amount equal to the amount of any such disbursement request for deposit in the Collateral Fund as provided in the Loan Agreement. The Borrower acknowledges and agrees by the Loan Agreement that it shall submit disbursement requests to the Trustee no more frequently than twice each calendar month. Proceeds of the Bonds disbursed pursuant to the provisions of the Loan Agreement may only be used to pay Project Costs.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Project Costs, at the direction of the Authorized Borrower Representative, promptly shall be paid into the Bond Fund for payment of Bond Service Charges.

Notwithstanding any provision of the Loan Agreement or any provision of the Indenture to the contrary, the Trustee shall not disburse funds from the Project Fund unless and until the Trustee confirms that Eligible Funds in the Collateral Fund plus Eligible Funds in the Project Fund, less the amount of the requested disbursement from the Project Fund, is at least equal to then-outstanding principal amount of the Bonds, together with any original issue premium deposited therein pursuant to the Indenture; provided, however, the Trustee shall be permitted to transfer funds from the Project Fund to the Collateral Fund upon the direction of the Borrower in the form set forth on an exhibit attached to the Loan Agreement, provided that the result of such transfer is that the amount of Eligible Funds remaining on deposit in the Project Fund plus Eligible Funds on deposit in the Collateral Fund is at least equal to then outstanding principal amount of the Bonds, together with any original issue premium deposited therein pursuant to the Indenture.

Delivery of Eligible Funds

The Lender shall deliver to the Trustee Eligible Funds in conjunction with all or a portion of the advances under the Mortgage Loan in connection with, and as a condition to, disbursement of an equal amount of Bond proceeds from the Project Fund to pay Project Costs pursuant to and consistent with the Loan Agreement and the Indenture.

Assignment of Agreement and Revenues; Trustee is Third Party Beneficiary

To secure the payment of Bond Service Charges, the Issuer shall assign to the Trustee, by the Indenture, its rights under and interest in the Loan Agreement (except for the Reserved Rights). The Borrower agrees and consents by the Loan Agreement to those assignments. The Issuer shall not attempt to further assign, transfer or convey its interest in the Revenues or the Loan Agreement or create any pledge or lien of any form or nature with respect to the Revenues, Loan Payments or deposits of Eligible Funds under the Loan Agreement.

The Trustee shall be a third-party beneficiary to the Loan Agreement.

Events of Default

Each of the following shall be an "Event of Default" under the Loan Agreement:

(a) The Borrower shall fail to pay any Loan Payment within five (5) days of the date on which that Loan Payment is due and payable to the extent amounts on deposit in the Bond Fund, including amounts transferred from the Collateral Fund and the Project Fund, are insufficient to pay the Bond Service Charges due on the next Bond Payment Date;

(b) The Borrower shall fail to observe and perform any other agreement, term or condition contained in the Loan Agreement and the continuation of such failure for a period of 30 days after written notice thereof shall have been given to the Borrower and the Investor Limited Partner by the Issuer or the Trustee, or for such longer period as the Borrower may certify that it shall diligently work to cure such failure and the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice;

(c) The Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within ninety (90) days; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety (90) days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of ninety (90) days;

(d) Any representation or warranty made by the Borrower in the Loan Agreement or any statement in any report, certificate, financial statement or other instrument furnished in connection with the Loan Agreement or with the purchase of the Bonds shall at any time prove to have been false or misleading in any adverse material respect when made or given;

(e) There shall occur an "Event of Default" as defined in the Indenture; and

(f) There shall occur a default by the Borrower under the Regulatory Agreement that is continuing after any applicable notice and cure period.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term or condition of the Loan Agreement which would give rise to an Event of Default under subsection (b) above, the Borrower shall not be deemed in default during the continuance of such inability. However, the Borrower shall promptly give notice to the Trustee and the Issuer of the existence of an event of Force Majeure and shall use commercially reasonable efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term Force Majeure shall mean, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances; acts of terrorism or of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Borrower.

The declaration of an Event of Default under subsection (c) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

Remedies on Default

Whenever an Event of Default shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to the Indenture, the Trustee shall declare all Loan Payments to be due and payable together until any other amounts payable by the Borrower under the Loan Agreement and the Note whereupon the same shall become immediately due and payable;

(b) The Trustee may exercise any or all or any combination of the remedies specified under the Loan Agreement;

(c) The Issuer or the Trustee may have access to, inspect, examine and make copies of the books, records, accounts and financial data of the Borrower pertaining to the Project; or

(d) The Issuer or the Trustee may pursue all remedies now or after the date of execution of the Loan Agreement existing at law or in equity to collect all amounts then due and thereafter to become due under the Loan Agreement and the Regulatory Agreement and the Note or to enforce the performance and observance of any other obligation or agreement of the Borrower under those instruments.

Notwithstanding the foregoing, neither the Issuer nor the Trustee shall be obligated to take any step which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Issuer or the Trustee at no cost or expense to the Issuer or the Trustee. Any amounts collected as Loan Payments or applicable to Loan Payment and any other amounts which would be applicable to payment of Bond Service Charges collected pursuant to action taken under this heading "Remedies on Default," shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in the Indenture for transfers of remaining amounts in the Bond Fund.

The provisions under this heading "Remedies on Default" are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to paragraph (a) above and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

Amendments and Supplements

Except as otherwise expressly provided in the Loan Agreement or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, the Loan Agreement, the Regulatory Agreement and the Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of the Indenture, as applicable.

Mortgage Loan Documents

In the event of any conflict and to the extent that there is any inconsistency or ambiguity between the provisions of the Loan Agreement and the provisions of the Mortgage Loan Documents, the Mortgage Loan Documents, will be deemed to be controlling, and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of the Mortgage Loan Documents, in accordance with their terms. Notwithstanding any provision of the Loan Agreement to the contrary, the parties to the Loan Agreement acknowledge and agree that all of their respective rights and powers to any assets or properties of the Borrower are subordinate and subject to the liens created by the mortgage associated with the Mortgage Loan, in accordance with its terms, together with any and all amounts from time to time secured thereby, and interest thereon, and to all of the terms and provisions of the Mortgage, and any and all other documents executed by the Borrower as required by the Lender in connection therewith.

Failure of the Issuer or the Borrower to comply with any of the covenants set forth in the Loan Agreement will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

There is no pledge under the Loan Agreement of the gross revenues or any of the assets of the Project.

Nothing contained in the Loan Agreement shall inhibit or impair the right of the Lender to require or agree to any amendment, change or modification of any Mortgage Loan Documents related to the Project for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or in regard to matters or questions arising under said Mortgage Loan Documents so long as any such amendment, change or modification shall not adversely affect the payment terms of the Bonds.

Proceeds from any condemnation award or from the payment of a claim under any hazard insurance policy relating to the Project will not be payable to the Trustee, but will be payable in accordance with the Mortgage Loan Documents in accordance with their terms.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

The following is a brief summary of the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"). The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Regulatory Agreement, a copy of which is on file with the Trustee. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture and the Regulatory Agreement.

Definitions and Interpretation

"Adjusted Income" means the adjusted income of all persons who intend to reside in one residential unit, calculated in the manner determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code.

"Affiliate" means (1) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (2) a Person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (3) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (4) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

"Area" means the San Diego County, California, Primary Metropolitan Statistical Area.

"Authority Fee" means (i) the administrative fee of the Authority payable on the Closing Date in the amount of 0.25% of the initial principal amount of the Bonds (i.e., $[_____]) and payable every 12 months, commencing June 1, 2027, in an amount equal to (A) prior to the Conversion Date, 0.125% of the original principal amount of the Bonds, and (B) following the Conversion Date, 0.125% of the principal amount of the Bonds outstanding on the Conversion Date, provided, however, that the ongoing administrative fee shall in no event be less than $10,000.00 or more than $62,500.00, and (ii) an annual occupancy monitoring fee, separately from, and in addition to, the annual ongoing administrative fee referred to in clause (i) of this definition, to the San Diego Housing Commission (the "Commission"), for the total number of units monitored by the Commission. The annual occupancy monitoring fee described in clause (ii) of this definition is subject to annual adjustment. The Borrower agrees to pay the Commission, an initial occupancy monitoring fee in the amount set forth in schedules promulgated by Commission from time to time.

"Bonds" has the meaning given to it in the recitals to the Regulatory Agreement.

"Borrower's Cost Certificate" means the Certificate Regarding Use of Proceeds, dated as of the Closing Date, with respect to certain Project Costs, executed by the Borrower delivered to the Authority by the Borrower.

"CDLAC" has the meaning given to it in the recitals to the Regulatory Agreement.

"CDLAC Resolution" means Resolution No. 25-214 adopted by CDLAC on August 5, 2025, and revised on September 5, 2025, awarding an allocation of $18,200,000* to the Project, as such resolution may be further modified or amended from time to time.

"Certificate of Continuing Program Compliance" means the certificate with respect to the Project to be filed by the Borrower with the Authority, which shall be substantially in the form attached as an appendix to the Regulatory Agreement.

"Closing Date" has the meaning given to the term "Delivery Date" in the Indenture.

"Code" has the meaning given to it in the recitals to the Regulatory Agreement.

"Event of Default" has the meaning given to it in the Regulatory Agreement.

"Income Certification" means the Income Computation and Certification Form in substantially the form attached as an appendix to the Regulatory Agreement.

"Indenture" has the meaning given to it in the recitals to the Regulatory Agreement.

"Inducement Date" means June 21, 2024, with respect to the Authority's declaration of intent to issue tax-exempt multifamily housing revenue bonds in an aggregate principal amount not to exceed $40,000,000 in connection with the Project.

"Investor Limited Partner" means [RSEP Holding, LLC, a Delaware limited liability company], or its successors and assigns.

"Loan" has the meaning given to it in the recitals to the Regulatory Agreement.

"Loan Agreement" has the meaning given to it in the recitals to the Regulatory Agreement.

"Low Income Tenants" means individuals or families with an Adjusted Income that does not exceed 60% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) of the Code defines a student as an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"Low Income Units" means the dwelling units in the Project designated for occupancy by Low Income Tenants pursuant to clause (a) under "Low Income and Very Low Income Units," below.

"Median Income for the Area" means the median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of _____, 2026.

"Project" means the Project Facilities and the Project Site.

"Project Costs" mean to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction and equipping of the Project, whether paid or incurred prior to or after the 60th day preceding the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel.

"Project Facilities" mean the buildings, structures and other improvements on the Project Site that are being financed with proceeds of the Bonds, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements, but excluding any commercial space and associated improvements, fixtures, machinery and equipment included therein.

"Project Site" means the parcel or parcels of real property described in an appendix attached to the Regulatory Agreement and by this reference incorporated in the Regulatory Agreement, and all rights and appurtenances thereunto appertaining.

"Qualified Project Costs" means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (within the meaning of the Code) (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate that are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Bonds, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of Regulations §1.150-2(f)(2)) with respect to the Project (such as

architectural, engineering and soil testing services) incurred before commencement of construction of the Project that do not exceed 20% of the aggregate issue price of the Bonds (as defined in Regulations §1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid).

"Qualified Project Period" means the period beginning on the first day on which at least 10% of the dwelling units in the Project are first occupied and ending on the later of (a) the date that is 55 years after the date on which 50% of the dwelling units in the Project are occupied, (b) the first day on which no tax exempt bonds or notes with respect to the Project are outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

"Regulations" means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

"Tax-Exempt" means with respect to interest on any obligations of a state or local government, including the Tax-Exempt Bonds and the Governmental Lender Note, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

"Trustee" means [U.S. Bank Trust Company, National Association], or its successors and assigns.

"Very Low Income Tenants" means individuals or families with an Adjusted Income that does not exceed 50% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) of the Code defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"Very Low Income Units" means the dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to clause (j) under "Low Income and Very Low Income Units," below.

Residential Rental Property

The Borrower acknowledges and agrees that the Project will be owned, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of the Regulatory Agreement, the Borrower represents, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, constructed and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park; provided that the use of certain units for tenant guests on an intermittent non-compensated basis shall not be considered transient use for purposes of the Regulatory Agreement.

(d) No part of the Project will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate, the Borrower has not and shall not take any steps in connection with a conversion of the Project to a condominium or cooperative ownership except with the prior written approving opinion of Bond Counsel that by reason of any such action the interest on the Tax-Exempt Bonds will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for the manager's units described in (g) below) will be available for rental on a continuous basis to members of the general public, and the Borrower has not and will not give preference to any particular class or group in renting the dwelling units in the Project, except (i) to the extent that dwelling units are required to be leased or rented to Low Income Tenants, Very Low Income Tenants, or holders of Section 8 of the United States Housing Act of 1937 certificates or vouchers, (ii) as otherwise required pursuant to any agreement entered into with the City, the County or any other public entity, or (iii) as otherwise may be lawfully required pursuant to any agreement entered into with the California Tax Credit Allocation Committee; provided that in no event shall the Borrower give any preference in violation of the Code.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities will comprise a single

geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in any building in the Project shall be occupied by the Borrower unless the building contains five or more dwelling units, in which case one unit may be occupied by the Borrower or by persons related to or affiliated with the Borrower such as a resident manager or maintenance personnel. Notwithstanding the foregoing limitation, up to a total of three units in the Project may be occupied by a resident manager or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the portion of the Loan funded by the Tax-Exempt Bonds and cause the Tax-Exempt Bonds to be prepaid or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, sexual preference, source of income (e.g. TANF, SSI), mental or physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(j) Following the expiration or termination of the Qualified Project Period, Low Income Units and Very Low Income Units shall remain available to the Low Income Tenants and Very Low Income Tenants, respectively, then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the rent determined pursuant to clauses (a) and (j) under "Low Income and Very Low Income Units," below, as applicable, until the earliest of any of the following occurs:

(i) The household's income exceeds 140% of the income at which such household would qualify as a Low Income Tenant or a Very Low Income Tenant.

(ii) The household voluntarily moves or is evicted for "good cause." For these purposes, "good cause" means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement that detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(iii) Fifty-five (55) years after the date on which 50% of the dwelling units in the Project are occupied.

(iv) The Borrower pays the relocation assistance and benefits to such Low Income Tenants or Very Low Income Tenants, as provided in Section 7264(b) of the Government Code of the State of California.

(k) The Authority may but shall not be required to monitor the Borrower's compliance with the provisions of subparagraph (j) above.

Low Income and Very Low Income Units

Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower represents, as of the date of the Regulatory Agreement, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period, not less than 40% of the units in the Project shall be designated as Low Income Units and shall be continuously occupied by or held available for occupancy by Low Income Tenants at monthly rents that do not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area, as adjusted for household size utilizing the percentages set forth above under the definition of Low Income Tenant less a reasonable deduction for utilities paid by the tenant as determined by the Authority and assuming (solely for purposes of the above-described limit on the amount of monthly rent, and not for purposes of determining whether individuals or families are Low Income Tenants for purposes of Section 142(d) of the Code) the following unit sizes and household sizes (collectively, the "Assumed Unit and Household Sizes"):

Unit Size	Household Size
One-Bedroom	Two Persons
Two-Bedroom	Three Persons
Three-Bedroom	Four Persons

Such Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants and shall be distributed throughout the Project.

A unit occupied by a Low Income Tenant who, at the commencement of the occupancy, is a Low Income Tenant shall be treated as occupied by a Low Income Tenant until a recertification of such tenant's income in accordance with clause (c) under "Low Income and Very Low Income Units," below demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter such unit shall be treated as any residential unit of comparable or smaller size in the Project occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days.

(b) Immediately prior to a Low Income Tenant's occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Low Income Tenant in the Project. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Authority, the Act, Section 142(d) of the Code and the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or thereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a federal income tax return for the most recent tax year, (2) obtain a written verification of income and employment from the applicant's current employer, (3) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income

satisfactory to the Authority or (4) such other information as may be reasonably requested by the Authority.

Copies of the most recent Income Certifications for Low Income Tenants shall be attached to the annual report to be filed with the Authority as required in (d) below.

(c) Immediately prior to the first anniversary date of the occupancy of a Low Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In lieu of obtaining such annual Income Certifications, the Borrower may, with respect to any particular twelve-month period ending July 1 of each year, deliver to the Authority no later than fifteen (15) days after such date, a certification that as of July 1, no residential unit in the Project was occupied within the preceding twelve (12) months by a new resident whose income exceeded the limit applicable to Low Income Tenants upon admission to the Project. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and, to the extent necessary to comply with the requirements under clause (a) above, the Borrower will rent the next available unit of comparable or smaller size to one or more Low Income Tenants.

(d) Upon commencement of the Qualified Project Period, and not less than annually thereafter during the term of the Regulatory Agreement, the Borrower shall advise the Authority of the status of the occupancy of the Project by delivering to the Authority a Certificate of Continuing Program Compliance.

(e) The Borrower shall maintain complete and accurate records pertaining to the Low Income Units, and shall permit any duly authorized representative of the Authority, Department of the Treasury or Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Project continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Authority.

(g) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 of the United States Housing Act of 1937 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any additional fees or payments from a Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from a Section 8 of the United States Housing Act of 1937 certificate or voucher holder in excess of those allowed under the Section 8 of the United States Housing Act of 1937 Program. The Borrower shall not discriminate against applicants for Low Income Units on the basis of source of income (i.e., TANF or SSI), and the Borrower shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant's income has been paid for rent in the past

as will be required to be paid for the rent applicable to the Low Income Unit to be occupied, provided that such Low Income Tenant's expenses have not materially increased).

(h) Each lease pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant under clause (c) above may, at the option of the Borrower, disqualify the unit as a Low Income Unit, or provide grounds for termination of the lease.

(i) Prior to the Closing Date, the Borrower agrees to provide to the Authority a copy of the form of application and lease to be provided to prospective Low Income Tenants. The term of the lease shall be not less than 30 days.

(j) In addition to the requirements set forth in clause (a) under "Low Income and Very Low Income Units," above, the Authority shall require that not less than 10% of the units in the Project shall be Very Low Income Units and shall be rented to, or made available for rental to, Very Low Income Tenants on the same terms and conditions, and subject to the same requirements, as are set forth in this paragraph with respect to the Low Income Units, except that monthly rents shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, adjusted as provided clause (a) under "Low Income and Very Low Income Units," above.

Term

Except as provided under clause (j) of "Residential Rental Property," above and the Regulatory Agreement, which provisions shall continue beyond the Qualified Project Period, and, except as provided in the second paragraph of this section, the Regulatory Agreement and all and several of the terms of the Regulatory Agreement shall become effective upon its execution and delivery and shall remain in full force and effect during the Qualified Project Period, or for such longer period as is provided under clause (j)(iii) of "Residential Rental Property," above and the Regulatory Agreement, and in the CDLAC Resolution referred to in the Regulatory Agreement, it being expressly agreed and understood that the provisions of the Regulatory Agreement are intended to survive the retirement of the Bonds and expiration of the Indenture, Loan Agreement and Loan. Notwithstanding any other provisions of the Regulatory Agreement to the contrary, the entire Regulatory Agreement, or any of the provisions or the Regulatory Agreement, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Authority, Trustee (if any Bonds are outstanding), and Borrower only if there shall have been received by the Authority and the Trustee an opinion of Bond Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

The terms of the Regulatory Agreement to the contrary notwithstanding (except as to the provisions of the Regulatory Agreement), the Regulatory Agreement, and each and all of the terms of the Regulatory Agreement, shall automatically terminate and be of no further force or effect in the event of (i) an involuntary noncompliance by the Borrower with the provisions of the Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the provisions of the Regulatory Agreement, or (ii) foreclosure on the Project or delivery of a deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Indenture [or the Mortgage Loan Security Instrument]) or condemnation or a similar event, but in either case only if within a reasonable period thereafter the Bonds

are redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in the Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained in the Regulatory Agreement shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Project or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliate obtains an ownership interest in the Project for federal income tax purposes. The parties to the Regulatory Agreement mutually intend the previous sentence to be interpreted in accordance with the minimum requirements of Section 1.103-8(b)(6) of the Regulations.

Upon the termination of the terms of the Regulatory Agreement, the parties to the Regulatory Agreement agree to execute, deliver and record appropriate instruments of release and discharge of the terms of the Regulatory Agreement; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of the Regulatory Agreement in accordance with its terms. Borrower agrees that the reasonable fees and costs of the Authority and Trustee and their respective legal counsel in connection with the termination of the Regulatory Agreement shall be paid by the Borrower.

Covenants to Run with the Land

The Borrower subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in the Regulatory Agreement. The Authority and the Borrower declare their express intent that the covenants, reservations and restrictions set forth in the Regulatory Agreement shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of the Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument thereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Bonds, Jones Hall LLP, San Mateo, California, Bond Counsel to the Issuer, proposes to deliver its approving opinion in substantially the following form:

June ___, 2026

Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, CA 92121

OPINION: $_____ Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable)

Ladies and Gentlemen:

Capitalized terms used but not defined herein shall have the meanings given to them in the Trust Indenture, dated as of June 1, 2026 (the "Indenture"), by and between the Housing Authority of the City of San Diego, as issuer (the "Issuer") and [U.S. Bank Trust Company, National Association], as trustee. The Indenture provides that the Bonds are issued for the stated purpose of making a loan of the proceeds thereof to Hillcrest Hall LP (the "Borrower") pursuant to a loan agreement, dated as of June 1, 2026 (the "Loan Agreement"), between the Issuer and the Borrower.

We have acted as bond counsel in connection with the issuance by the Issuer of the Bonds pursuant to Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code of the State of California (the "Act"), the Indenture, and a resolution of the issuer adopted on May 12, 2026. The Issuer is issuing the Bonds for the purpose of making the Loan to the Borrower to finance the acquisition, construction and equipping of a multifamily rental housing known as "Hillcrest Hall," consisting of a 98-unit multifamily rental housing facility located at 1601 University Avenue in the City of San Diego, California (collectively, the "Project"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations and covenants of the Issuer contained in the Indenture; of the Borrower contained in the Loan Agreement; of the Issuer and Borrower contained in the Regulatory Agreement and Declaration of Restrictive Covenants; and of the Issuer, the Borrower and others contained in the certified proceedings relating to the origination of the Loan and the issuance of the Bonds. We have also relied upon certain other certifications of public officials and the Borrower, in each case furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. Pursuant to the Act, the Indenture creates a valid lien on the funds pledged by it for the security of the Bonds subject to no prior lien granted under the Act.

2. The Bonds have been duly authorized, executed and delivered by the Issuer and constitute valid and binding limited obligations of the Issuer, payable solely from the sources provided therefor in the Indenture.

3. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, Loan Agreement, and the Regulatory Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions, and any assumptions expressed herein, and in reliance upon the representations, and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

$31,505,000*
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(HILLCREST HALL)
2026 SERIES A-2 (TAXABLE)

This Continuing Disclosure Agreement, dated as of June 1, 2026 (this "Continuing Disclosure Agreement"), is executed and delivered by Hillcrest Hall LP, a California limited partnership (the "Borrower"), and [U.S. Bank Trust Company, National Association, a national banking association], as dissemination agent (the "Dissemination Agent"), for the above-captioned bonds (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture, dated as of June 1, 2026 (the "Indenture") between the Housing Authority of the City of San Diego (the "Issuer") and [U.S. Bank Trust Company, National Association, a national banking association], as trustee (the "Trustee"). Pursuant to the Indenture and the Loan Agreement, dated as of June 1, 2026, between the Issuer and the Borrower (the "Loan Agreement"), the Dissemination Agent and the Borrower covenant and agree as follows:

Section 1. Purpose of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Borrower, and the Dissemination Agent for the benefit of the holders of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any person, including any holder of the Bonds or Beneficial Owner, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

"Audited Financial Statements" means, in the case of the Borrower, the annual audited financial statements prepared in accordance with generally accepted accounting principles, if any.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Disclosure Representative" shall mean the administrator of the Project or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean [U.S. Bank Trust Company, National Association, a national banking association], acting in its capacity as Dissemination Agent hereunder, or any successor

* Preliminary; subject to change.

Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB's Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated, and its successors and assigns.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Borrower will, or will cause the Dissemination Agent to, not later than 180 days following the end of the Borrower's fiscal year, commencing with the fiscal year ending on December 31, 2026, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than 15 Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of the Annual Report.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent will contact the Disclosure Representative to determine if the Borrower is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent will send in a timely manner a notice to the MSRB in substantially the form attached as Exhibit B to this Continuing Disclosure Agreement.

(d) The Dissemination Agent will file a report with the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

Section 4. Content of Annual Reports. The Borrower's Annual Report will contain or incorporate by reference the financial information with respect to the Project, provided at least annually, of the type included in Exhibit A hereto, which Annual Report may, but is not required to, include Audited Financial Statements. If the Borrower's Audited Financial Statements are not available by the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements, and the Audited Financial Statements will be filed in the same manner as the Annual Report when and if they become available.

Any or all of the items described in Exhibit A may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an "Obligated Person" (as defined by the Rule), which have been filed with the MSRB. The Borrower will clearly identify each such other document so incorporated by reference.

Each annual report submitted hereunder shall be in readable portable document format ("PDF") or other acceptable electronic form.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (each, a "Listed Event"):

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulty;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulty;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) Modifications to rights of holders of the Bonds, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the

termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;

(xv) Incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material;

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties; and

(xvii) The Project's being placed in service for purposes of qualifying the property for low-income housing tax credits. Notice of the Project's being placed in service from the Borrower to the Dissemination Agent shall be in the form attached as Exhibit D hereto or such other form as may be approved by the Dissemination Agent. Notice of the Project's being placed in service from the Dissemination Agent to the Municipal Securities Rulemaking Board shall be in the form attached as Exhibit C hereto or such other form as may be approved by the Dissemination Agent.

For purposes of clauses (xv) and (xvi) of this Section 5(a), "financial obligation" is as contemplated by Exchange Act Release No. 34-83885; File No. S7-01-17 (the "Adopting Release").

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any potential Listed Event, pursuant to subsection (c) of this Section 5 or otherwise, provide the Disclosure Representative with notice by email. While the Dissemination Agent is also the Trustee, the Dissemination Agent shall be deemed to have actual knowledge of those items listed in clauses (i), (iii) (solely with respect to funds held by the Trustee), (iv), (v), (vii), (viii), (ix), (x) and (xiv) above without the Dissemination Agent's having received notice of such event. While the Dissemination Agent is not also the Trustee, the Dissemination Agent shall not be deemed to have actual knowledge of any items listed in clauses (i) - (xvii) above without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Disclosure Representative, the Dissemination Agent shall assume that the unscheduled draws described in clauses (iii) and (iv) reflect financial difficulty.

(c) Whenever the Borrower obtains knowledge of the occurrence of a potential Listed Event, the Borrower shall, within five (5) Business Days of obtaining such knowledge and in any event no more than eight (8) Business Days after the occurrence of such event, determine if such event is in fact a Listed Event that is required by the Rule to be disclosed and provide the Dissemination Agent with notice and instructions pursuant to subsection (d) below.

(d) If the Borrower has determined that a Listed Event is required to be disclosed, then the Borrower shall prepare a written notice describing the Listed Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (e) below.

(e) If the Dissemination Agent has been provided with a written notice describing a Listed Event pursuant to subsection (c) of this Section 5 or otherwise, and is instructed by the Borrower to report the occurrence of such Listed Event, the Dissemination Agent shall, within two (2) Business Days of its receipt of such written notice and in any event no more than ten (10) Business Days after the occurrence of the Listed Event, file the notice with the MSRB and send a copy to the Borrower.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the Borrower unless such amendment adversely affects its rights, duties, protections, immunities, indemnities or standard of care, as determined by the Dissemination Agent) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described under paragraph (a) under "Provision of Annual Reports," "Contents of Annual Reports" or paragraph (a) under "Reporting of Listed Events," it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an Obligated Person (as defined in the Rule) with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment in the next Annual Report and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Listed Event under Section 5(e) hereof and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement and such failure to comply continues beyond a period of thirty (30) days following written notice to the Borrower, the Borrower or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Loan Agreement, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

Section 8. Beneficiaries. This Continuing Disclosure Agreement will inure solely to the benefit of the Borrower, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Bonds and will create no rights in any other person or entity.

Section 9. Reserved.

Section 10. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Borrower has provided such information to the Dissemination Agent as required by this Continuing Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Borrower's failure to report to the Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Borrower has complied with this Continuing Disclosure Agreement. The Dissemination Agent may conclusively rely upon Certifications of the Borrower at all times.

The obligations of the Borrower under this Section 11 shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Borrower.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Continuing Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Section 12. Notices. All notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when delivered personally or by mail (including electronic mail) to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Continuing Disclosure Agreement and addressed as set forth below:

If to the Borrower:

Hillcrest Hall LP
122 East 42nd Street, Suite 1903
New York, NY 10168
Attention: Paul A. Salib

Attention: psalib@crpaffordable.com

If to the Dissemination Agent:

[U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Global Trust Services
Email: andrew.fung@usbank.com]

Section 13. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of California.

Section 14. Termination of this Continuing Disclosure Agreement. The Borrower or the Dissemination Agent may terminate this Continuing Disclosure Agreement by giving written notice to the other party at least 30 days prior to such termination. The Dissemination Agent shall be fully discharged at the time any such termination is effective. The Borrower's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, tender, conversion or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination in a filing with the MSRB.

Section 15. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature pages follow]

[Borrower's Signature Page to Continuing Disclosure Agreement]

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC,
a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and
Community Development LLC,
a Delaware limited liability company,
its Sole Member

By: _____
Joel Hammer
Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC,
a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc.,
a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett
CEO

By: BOLD HILLCREST LLC,
a California limited liability company,
its Managing General Partner

By: Bold Communities,
a California nonprofit public benefit
corporation,
its Sole Member

By: _____
Michael Miller
President

[Counterpart Signature Page to Continuing Disclosure Agreement]

[U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION],
as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

ANNUAL REPORT

$31,505,000*
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(HILLCREST HALL)
2026 SERIES A-2 (TAXABLE)

CUSIP: _____

Annual report for the period ending December 31, _____

THE PROJECT

Name of the Project:	Hillcrest Hall
Address:	1601 University Avenue, San Diego, CA 92103
Number of Units:	98

INFORMATION ON THE BONDS

Original principal amount of Bonds:	
Outstanding principal amount of Bonds:	

OPERATING HISTORY OF THE PROJECT

The tables set forth below offer a summary of the operating results of the Project for fiscal year ended December 31, 20__, as derived from the Borrower's audited financial statements [or unaudited financial statements].

Financial Results for Fiscal Year Ending December 31, _____	
Revenues	
Operating Expenses[1]	
Net Operating Income	
Debt Service on the Bonds	
Net Income (Loss)	
Debt Service Coverage Ratio	

[1] Excludes depreciation and other non-cash expenses.

* Preliminary; subject to change.

Occupancy Results for Fiscal Year Ending December 31, _____	
Physical Occupancy	____%
Economic Occupancy[1]	____%

[1] The physical occupancy rate is the proportion of units that are occupied or leased by tenants. The economic occupancy rate is the proportion of the gross potential rent that is actually collected. As such, the economic occupancy takes into consideration items such as model units, employee units, discounted units, rent incentives, loss to lease and bad debt expense.

AUDITED FINANCIAL STATEMENTS

____ Attached

____ Audited financial statements of the Borrower for the period ending December 31, 20__ are not yet completed; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements. Audited financial statements will be filed when available.

____ No audited financial statements of the Borrower were prepared for the period ending December 31, 20__; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements.

EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Housing Authority of the City of San Diego

Name of Bond Issue: Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable)

Name of Borrower: Hillcrest Hall LP

CUSIP: _____

Date of Issuance: June __, 2026

NOTICE IS HEREBY GIVEN that the above-referenced borrower (the "Borrower") has not provided an Annual Report in connection with the above-named bonds (the "Bonds") as required by a Continuing Disclosure Agreement, dated as of June 1, 2026 (the "Continuing Disclosure Agreement"), between the Borrower and [U.S. Bank Trust Company, National Association, a national banking association], as dissemination agent (the "Dissemination Agent"). The undersigned has been informed by the Borrower that it anticipates that the Annual Report will be filed by _____.

Dated:

[U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION],
as Dissemination Agent, on behalf of the Borrower

By: _____
Authorized Signatory

cc: Borrower

EXHIBIT C

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF PROJECT PLACED IN SERVICE

Name of Issuer: Housing Authority of the City of San Diego

Name of Bond Issue: Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable)

Name of Borrower: Hillcrest Hall LP

Name of Project: Hillcrest Hall

Address of Project: 1601 University Avenue, San Diego, CA 92103

Date of Issuance: June __, 2026

NOTICE IS HEREBY GIVEN as per the requirements of the Continuing Disclosure Agreement, dated as of June 1, 2026, between the above-referenced borrower (the "Borrower") and [U.S. Bank Trust Company, National Association, a national banking association], as Dissemination Agent, that the Borrower has certified that the above-referenced project (the "Project") is complete and placed in service by the Borrower as evidenced by a certificate from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code.

Dated:

[U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION],
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT D

FORM OF NOTICE OF PLACED IN SERVICE

$31,505,000*
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(HILLCREST HALL)
2026 SERIES A-2 (TAXABLE)

The undersigned hereby provides notice to [U.S. Bank Trust Company, National Association, a national banking association], as dissemination agent (the "Dissemination Agent") that the multifamily rental housing facility known as Hillcrest Hall (the "Project") has been placed in service in accordance with the Trust Indenture, dated as of June 1, 2026, between the Housing Authority of the City of San Diego (the "Issuer") and [U.S. Bank Trust Company, National Association, a national banking association], as trustee (the "Trustee"), pursuant to which the above-captioned bonds were issued, as further evidenced by the attached Certificate of Occupancy.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC,
a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and
Community Development LLC,
a Delaware limited liability company,
its Sole Member

By: _____
Joel Hammer
Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC,
a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc.,
a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett
CEO

* Preliminary; subject to change.

By: BOLD HILLCREST LLC,
a California limited liability company,
its Managing General Partner

By: Bold Communities,
a California nonprofit public benefit corporation,
its Sole Member

By: _____
Michael Miller
President

ATTACHMENT

Certificate of Occupancy

PRELIMINARY OFFICIAL STATEMENT DATED JUNE __, 2026

NEW ISSUE – Book-Entry Only

RATING: Moody's "_____"
SEE "RATING" herein.

In the opinion of Jones Hall LLP, San Mateo, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, except during any period while a Bond is held by a "substantial user" of the facilities financed by the Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is, under existing law, not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is, under existing law, exempt from personal income taxation imposed by the State of California. See "TAX MATTERS."

$18,200,000*
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)

Dated: Date of Delivery
Initial Interest Rate: ____%
Initial Offering Price: ____%*

Initial Mandatory Tender Date: July 1, 2028*
Optional Call Date: any date on or after January 1, 2028*
Maturity Date: January 1, 2060*
CUSIP: _____

The Housing Authority of the City of San Diego (the "Issuer") a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State") is issuing its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) (the "Bonds") pursuant to a Trust Indenture dated as of June 1, 2026 (the "Indenture"), by and between the Issuer and [U.S. Bank Trust Company, National Association, a national banking association], as trustee (the "Trustee"). The Bonds shall bear interest on the outstanding principal amount thereof at the Initial Interest Rate set forth above (the "Initial Interest Rate") from their date of issuance to but not including the Initial Mandatory Tender Date set forth above (the "Initial Mandatory Tender Date"), payable on each January 1 and July 1, commencing January 1, 2027*. The Bonds are issuable only as fully registered bonds without coupons in the denomination of $5,000 principal amount and any integral multiple of $1,000 in excess thereof. See "THE BONDS" herein.

The Bonds are being issued to finance a loan (the "Loan") to Hillcrest Hall LP, a California limited partnership (the "Borrower"), to enable the Borrower to pay a portion of the cost of acquisition, construction and equipping of a 98-unit (including one manager's unit) multifamily rental housing development located within the City of San Diego, California, and to be known as Hillcrest Hall (the "Project"). See "THE PROJECT" herein. The Loan will be made to the Borrower pursuant to a Loan Agreement, dated as of June 1, 2026 (the "Loan Agreement"), between the Issuer and the Borrower, under which the Borrower has agreed to provide, as described herein, payments to the Issuer in amounts sufficient to pay the principal of and interest on the Bonds when due. The Loan will be evidenced by a Promissory Note in the principal amount of $18,200,000* (the "Note") from the Borrower to the Issuer and endorsed to the Trustee.

The Bonds are subject to mandatory tender for purchase (with no right of retention), subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on the Initial Mandatory Tender Date. See "THE BONDS – Mandatory Tender" herein. All Bondholders must tender their Bonds for purchase on the Initial Mandatory Tender Date. The Bonds may be remarketed and a new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Bonds are subject to optional and mandatory redemption prior to maturity as set forth herein. See "THE BONDS — Mandatory Redemption or Retirement" and "— Optional Redemption" herein.

At all times the Bonds will be secured by Eligible Investments or other Eligible Funds sufficient, along with earnings thereon (without the need for reinvestment), to pay all of the interest on the Bonds when due and to pay the principal of the Bonds at the Initial Mandatory Tender Date or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds, as further described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Simultaneously with the issuance of the Bonds, the Issuer is issuing its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) in the principal amount of $31,505,000* (the "Taxable Bonds"), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the cost of the Borrower's acquisition, construction and equipping of the Project. The Taxable Bonds are not being offered pursuant to this Official Statement. Closing on the Bonds is contingent on the closing of the Taxable Bonds.

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE SECURITY PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OF CALIFORNIA, NOR ANY OTHER POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY), OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS NOR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.

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* Preliminary; subject to change.

NO RECOURSE SHALL BE HAD FOR THE ENFORCEMENT OF ANY OBLIGATION, PROMISE OR AGREEMENT OF THE ISSUER CONTAINED IN THE INDENTURE OR IN THE BONDS OR THE OTHER DOCUMENTS TO WHICH THE ISSUER IS A PARTY OR FOR ANY CLAIM BASED THEREON OR OTHERWISE IN RESPECT THEREOF AGAINST ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE, AS SUCH, IN HIS/HER INDIVIDUAL CAPACITY, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY WHETHER BY VIRTUE OF ANY CONSTITUTIONAL PROVISION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE. NO PERSONAL LIABILITY WHATSOEVER SHALL ATTACH TO, OR BE INCURRED BY, ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE AS SUCH, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY, UNDER OR BY REASON OF ANY OF THE OBLIGATIONS, PROMISES OR AGREEMENTS ENTERED INTO IN THE BONDS OR BETWEEN THE ISSUER AND THE TRUSTEE, WHETHER THEREIN CONTAINED OR THE BONDS OR TO BE IMPLIED HEREFROM AS BEING SUPPLEMENTAL THERETO; AND ALL PERSONAL LIABILITY OF THAT CHARACTER AGAINST EVERY SUCH TRUSTEE, MEMBER, OFFICER, AGENT, ATTORNEY AND EMPLOYEE IS, BY THE EXECUTION OF THE INDENTURE AND AS A CONDITION OF, AND AS PART OF THE CONSIDERATION FOR, THE EXECUTION OF THE INDENTURE, EXPRESSLY WAIVED AND RELEASED.

The Bonds are offered for delivery when, as and if issued and received by Stifel, Nicolaus & Company, Incorporated (the "Underwriter") and subject to the approval of legality by Jones Hall LLP, San Mateo, California, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C., and for the Borrower by its counsel, Hobson Bernardino + Davis LLP, Culver City, California. It is expected that the Bonds will be available in book-entry form through the facilities of DTC in Brooklyn, New York on or about June __, 2026.

This cover page contains limited information for ease of reference only. It is not a summary of the Bonds or the security therefor. This entire Official Statement, including the Appendices, must be read to obtain information essential to make an informed investment decision.

STIFEL

Date: June __, 2026

No broker, dealer, salesman or other person has been authorized by the Issuer, to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to the registration or qualification under the securities laws of any such jurisdiction. The Issuer has not and does not assume any responsibility as to the accuracy or completeness of the information in this Official Statement, other than the information concerning the Issuer under the caption "THE ISSUER" and "ABSENCE OF LITIGATION – The Issuer." The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under the Indenture shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or owners of any of the Bonds. All statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page hereof, inside front cover, and the appendices attached hereto are part of this Official Statement. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission (the "Commission") or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

The order and placement of information in this Official Statement, including the Appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the Appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit, or describe the scope and intent, or affect the meaning or construction, of any provision or section of this Official Statement.

CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

[U.S. Bank Trust Company, National Association, a national banking association], as Trustee, has not reviewed, provided or undertaken to determine the accuracy of any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to any matters contained in this Official Statement, including, but not limited to, (i) the accuracy or completeness of such information, (ii) the validity of the Bonds, or (iii) the tax-exempt status of the Bonds.

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OFFICIAL STATEMENT

$18,200,000*
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)

INTRODUCTION

This Official Statement (this "Official Statement") has been prepared in connection with the issuance of the above-captioned Bonds (the "Bonds") by the Housing Authority of the City of San Diego (the "Issuer"), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State"). The Issuer has authorized the issuance of the Bonds, and the Bonds are issued pursuant to Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "Act"), that certain resolution adopted by the Issuer on May 12, 2026 (the "Resolution"), and a Trust Indenture dated as of June 1, 2026 (the "Indenture"), by and between the Issuer and [U.S. Bank Trust Company, National Association, a national banking association], as trustee (the "Trustee"). The sale and issuance of the Bonds are contingent upon the Issuer's prior approval of the financing. Certain capitalized terms that are used in this Official Statement and not otherwise defined shall have the definitions ascribed to them in "APPENDIX A — DEFINITIONS OF CERTAIN TERMS" hereto.

The Bonds are to be issued for the purpose of providing funds to make a loan (the "Loan") to Hillcrest Hall LP, a California limited partnership (the "Borrower"), to enable the Borrower to pay a portion of the cost of acquisition, construction and equipping of a 98-unit (including one manager's unit) multifamily rental housing project located in San Diego, California, and to be known as Hillcrest Hall (the "Project"). See "PRIVATE PARTICIPANTS" and "THE PROJECT" herein.

The Loan will be made to the Borrower under a Loan Agreement dated as of June 1, 2026 (the "Loan Agreement"), by and between the Issuer and the Borrower. Pursuant to the Loan Agreement, the Borrower has agreed to make payments to the Issuer in amounts sufficient to pay the principal of and interest on the Bonds when due (the "Bond Service Charges") to the extent that amounts otherwise available for such payment are insufficient therefor. The Loan will be evidenced by a promissory note in the principal amount of $18,200,000* (the "Note") from the Borrower to the Issuer and endorsed to the Trustee.

The aggregate funds and Eligible Investments on deposit in the Project Fund and the Collateral Fund will, at all times, equal the principal amount of Bonds Outstanding. Bond Service Charges will be paid from amounts on deposit in the Bond Fund, the Collateral Fund and the Project Fund (collectively the "Special Funds"), and investment earnings thereon. Amounts on deposit in the Special Funds will be invested in Eligible Investments. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The Bonds shall bear interest on the outstanding principal amount thereof at a rate equal to the Initial Interest Rate set forth on the cover page hereof from the date of delivery to, but not including, July 1, 2028* (the "Initial Mandatory Tender Date"), payable on each January 1 and July 1, commencing January 1, 2027* (each an "Interest Payment Date").

The Bonds are subject to mandatory tender for purchase (with no right of retention), subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on the Initial Mandatory Tender Date. All Bondholders must tender their Bonds for purchase on each Mandatory Tender Date, as set forth in the Indenture. A new interest rate for the Bonds may be determined on the Initial Remarketing Date in accordance with the terms of the Indenture. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers

* Preliminary; subject to change.

of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Bonds are subject to optional and mandatory redemption prior to maturity as set forth herein under "THE BONDS — Mandatory Redemption or Retirement" and "— Optional Redemption" herein.

Subject to the satisfaction of the conditions set forth in the Forward Commitment Agreement dated _____ (the "Forward Commitment Agreement") between the Borrower and Citibank, N.A. (in such capacity, "Citibank"), Citibank has agreed to make a loan to the Issuer (the "Funding Loan") to purchase the Governmental Lender Note, as further described in the Indenture on the Initial Mandatory Tender Date or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds (such date being the "Funding Date") which proceeds will be used to pay the purchase price of the Outstanding Bonds.

Brief descriptions of the Issuer, the Borrower, the Mortgage Lender, the Mortgage Loan, the Investor Limited Partner, the Project, the Bonds, the security for the Bonds, the Indenture, the Loan Agreement and the Regulatory Agreement and Declaration of Restrictive Covenants (the "Tax Regulatory Agreement"), dated as of June 1, 2026, by and among the Issuer, the Trustee and the Borrower, are included in this Official Statement. The summaries herein do not purport to be complete and are qualified in their entireties by reference to such documents, agreements and programs as may be referred to herein, and the summaries herein of the Bonds are further qualified in their entireties by reference to the form of the Bonds included in the Indenture and the provisions with respect thereto included in the aforesaid documents.

The information set forth herein under the headings "THE ISSUER" and "ABSENCE OF LITIGATION — The Issuer," solely as such information relates to the Issuer, has been furnished by the Issuer. All other information set forth herein has been obtained from the Borrower and other sources that are believed to be reliable. The adequacy, accuracy or completeness of such information is not guaranteed by, and is not to be construed as a representation of, the Issuer or the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, The Depository Trust Company or the Borrower since the date hereof.

THE ISSUER

The following information has been provided by the Issuer for use herein. While the information is believed to be reliable, none of the Trustee, the Borrower, the Underwriter, the Mortgage Lender nor any of their respective counsel, members, officers or employees makes any representations as to the accuracy or sufficiency of such information.

The Issuer is the Housing Authority of the City of San Diego, a public body, corporate and politic duly organized and existing under the laws of the State of California. The Issuer is authorized to issue the Bonds and to loan the proceeds thereof to the Borrower for the purpose of financing the Project. The Issuer was created on October 3, 1968, by resolution of the City Council of the City of San Diego (the "Council"). The nine members of the Council serve as members of the Issuer.

In January 1979, a seven-member commission (the "Housing Commission") took office to administer the functions of the Issuer. The Housing Commission is responsible for the development of low-income rental projects, implementation of financing to promote low-income housing production, management of many public housing projects, operation of rent subsidy programs and rehabilitation of existing housing stock.

The seven members of the board of the Housing Commission ("Commissioners") are appointed by the Mayor and approved by the Council. Eugene Mitchell currently serves as Chair of the Housing Commission. Oversight of the Housing Commission is provided by the Issuer. Two of the positions on the board of Commissioners are reserved for residents of agency-owned housing units or recipients of federal Section 8 Housing Choice Voucher rental assistance. One of these members must be 62 years of age or older. Commissioners who are residents of affordable

housing or are rental assistance recipients serve for terms of two years, or until a replacement is appointed. The five remaining Commissioners serve terms of four years, or until a replacement is appointed.

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE SECURITY PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OF CALIFORNIA, NOR ANY OTHER POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY), OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS NOR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.

THE MORTGAGE LOAN, DEPOSITS INTO THE COLLATERAL FUND AND DISBURSEMENT OF BOND PROCEEDS

Contemporaneously with the issuance of the Bonds, the Borrower will obtain a mortgage loan (the "Mortgage Loan") from Citibank, N.A. (the "Mortgage Lender"). Over time, Eligible Funds, including proceeds of the Mortgage Loan, are expected to be delivered to the Trustee for deposit into the Collateral Fund established by the Trustee under the Indenture. Upon the deposit of Eligible Funds into the Collateral Fund, and subject to the other applicable provisions set forth in the Indenture and the Loan Agreement, the Trustee shall disburse a like amount of Bond proceeds from the Project Fund to or at the direction of the Mortgage Lender for purposes of paying costs of the Project, all in accordance with the Loan Agreement and the Indenture. The maximum aggregate amount of funds representing proceeds of the Mortgage Loan to be delivered to the Trustee for deposit into the Collateral Fund will be $18,200,000*.

Bond Service Charges shall be payable as they become due, (i) in the first instance from money on deposit in the Bond Fund (excluding the Negative Arbitrage Account therein), (ii) next from money on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) next from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (iv) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund. The Indenture provides that the amount of funds disbursed from the Project Fund on any given date for payment of Qualified Project Costs shall at all times equal the amount of Eligible Funds deposited into the Collateral Fund in connection with such disbursement. Accordingly, the aggregate amount in the Collateral Fund and the Project Fund shall at all times equal 100% of the principal amount of the Bonds outstanding.

Notwithstanding any provision of the Loan Agreement or the Indenture to the contrary, the Trustee will not act upon the delivery of a certified copy of the request for disbursement of funds from the Project Fund, unless and until (i) an amount equal to or greater than the requested disbursement amount has been deposited into the Collateral Fund in accordance with the provisions of the Indenture and (ii) the Trustee has verified that the sum of the amount then held in the Collateral Fund and the amount then on deposit in the Project Fund, less the anticipated amount of the disbursement from the Project Fund, is at least equal to the then-outstanding principal amount of the Bonds. The Mortgage Lender will not deliver Eligible Funds to the Trustee for deposit into the Collateral Fund until the Trustee has first confirmed this calculation to the Mortgage Lender. Upon receipt of Eligible Funds, the Trustee shall be unconditionally and irrevocably obligated to disburse Bond proceeds in the amount of such installment of Eligible Funds to pay for Costs of the Project as set forth in the Indenture.

Amounts on deposit in the Special Funds will be invested on the Closing Date in Eligible Investments. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Investment of the Special Funds; Eligible Investments" herein.

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* Preliminary; subject to change.

THE BONDS

Terms of Bonds Generally

The Bonds shall be issued in Authorized Denominations and shall mature on January 1, 2060* (the "Maturity Date"). The Bonds are dated as of the Closing Date and shall bear interest at the Initial Interest Rate from the Closing Date, to but not including the Initial Mandatory Tender Date, payable on each Interest Payment Date, commencing January 1, 2027*, and on each Mandatory Tender Date.

Interest on the Bonds shall be computed on the basis of a 360-day year of 12 months of 30 days each.

The principal of and interest on any of the Bonds shall be payable in lawful money of the United States of America. Except as described below under the subcaption "Book-Entry-Only System," (a) the principal of any Bond shall be payable upon presentation and surrender of such Bond as the same becomes due at the Designated Office of the Trustee or at such other office designated by the Trustee, and upon the request of any registered Owner of Bonds on the applicable Record Date having an aggregate principal amount of $1,000,000 or more, such principal shall be paid by wire transfer as provided in the Indenture, and (b) interest on the Bonds shall be paid on each Interest Payment Date by check which the Trustee shall cause to be mailed on that date to the Person in whose name the Bond is registered at the close of business on the Record Date applicable to that Interest Payment Date on the registration books kept by the Trustee at the address appearing therein, or, upon the request of any registered Owner of Bonds having an aggregate principal amount of $1,000,000 or more, by wire transfer of immediately available funds as provided in the Indenture.

Mandatory Tender

All Outstanding Bonds shall be subject to mandatory tender (with no right of retention) by the Holders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Bond shall be payable in lawful money of the United States of America by wire or check, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date and shall be paid in full on the applicable Mandatory Tender Date.

The Mandatory Tender Dates shall consist of (i) the Initial Mandatory Tender Date, and (ii) any subsequent dates for mandatory tender of the Bonds established by the Borrower, with the prior written consent of the Investor Limited Partner, the Mortgage Lender and Citibank, and with the consent of the Remarketing Agent in connection with a remarketing of the Bonds pursuant to the Indenture.

While tendered Bonds are in the custody of the Trustee pending purchase pursuant to the Indenture, the tendering Holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Bonds had not been tendered for purchase.

Notwithstanding anything in the Indenture to the contrary, any Bond tendered under this heading will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

The Trustee shall utilize the following sources of payments to pay the tender price of the Bonds not later than 2:30 p.m. Local Time on the Mandatory Tender Date in the following priority: (i) if such date is also the Funding Date, amounts representing the purchase price of the Governmental Lender Note received from Citibank on deposit in the Funding Loan Fund; (ii) if such date is not also the Funding Date, amounts representing proceeds of remarketed Bonds deposited into the Remarketing Proceeds Account, to pay the principal amount, plus accrued interest, of Bonds tendered for purchase; (iii) amounts on deposit in the Collateral Fund, to pay the principal amount of Bonds tendered for purchase; (iv) amounts on deposit in the Negative Arbitrage Account of the Bond Fund to pay the accrued interest; if any, on Bonds tendered for purchase; (v) any available interest earnings on amounts on deposit in the Project Fund to pay the accrued interest, if any, on the Bonds tendered for purchase; and (vi) any other Eligible Funds available or made available for such purpose at the direction of the Borrower, with the consent of the Issuer.

Bonds shall be deemed to have been tendered for purposes of this heading whether or not the Holders shall have delivered such Undelivered Bonds to the Trustee and, subject to the right of the Holders of such Undelivered Bonds to receive the purchase price of such Bonds and interest accrued thereon to the Mandatory Tender Date, such Undelivered Bonds shall be null and void. If such Undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Undelivered Bonds.

Mandatory Tender, Redemption or Retirement Notice

Notice to Holders. Not less than twenty (20) days preceding the Initial Mandatory Tender Date and thirty (30) days preceding any other Mandatory Tender Date, the Trustee shall give written notice of mandatory tender, redemption or retirement to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Investor Limited Partner and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (a) all Outstanding Bonds are subject to mandatory tender for purchase or redemption or retirement on the Mandatory Tender Date, (b) all Outstanding Bonds must be tendered for purchase, redemption or retirement no later than 12:00 noon Local Time on the Mandatory Tender Date and (c) Holders will not have the right to elect to retain their Bonds;

(ii) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for purchase, redemption or retirement and the date of the required delivery;

(iii) that all Outstanding Bonds will be purchased, redeemed or retired, as applicable, on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date;

(iv) any Bonds not tendered or presented for redemption or retirement will nevertheless be deemed to have been tendered, redeemed or retired and will cease to bear interest from and after the Mandatory Tender Date; and

(v) the CUSIP numbers of the Bonds to be tendered, redeemed or retired.

Second Notice. In the event that any Bond required to be delivered to the Trustee for payment of the purchase price, redemption price or retirement price of such Bond shall not have been delivered to the Trustee on or before the twentieth (20^{th}) day following a Mandatory Tender Date, the Trustee shall mail a second notice to the Holder of the Bond at its address as shown on the Register setting forth the requirements set forth in the Indenture for delivery of the Bond to the Trustee and stating that delivery of the Bond to the Trustee (or compliance with the provisions of the Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price, redemption price or retirement price applicable to the Bond.

Neither failure to give or receive any notice described in this heading, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in this heading. Notices of tender, redemption and retirement may be conditional.

Mandatory Redemption or Retirement

The Bonds are subject to mandatory redemption or retirement, in whole, on any Mandatory Tender Date, upon the occurrence of any of the following events: (i) the Borrower has not previously elected pursuant to the Indenture and the Loan Agreement to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in the Indenture have not been met by the dates and times set forth therein, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. The Bonds shall be redeemed at a redemption price equal to 100% of the principal amount of such Bonds plus accrued interest to the applicable redemption date from funds on deposit in, or transferred from, the Bond Fund, the Collateral Fund, and the Project Fund.

Optional Redemption

The Bonds are subject to optional redemption prior to their maturity, at the written direction of the Borrower with the prior written consent of the Mortgage Lender, either in whole or in part on any date on or after the later to occur of (i) the date that the Project is placed in service, as certified in writing by the Borrower to the Issuer and the Trustee, and (ii) the Optional Call Date, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the redemption date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Bond Fund, other than funds in the Negative Arbitrage Account therein, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the direction of the Borrower. In connection with any optional redemption of the Bonds prior to the applicable Mandatory Tender Date, the Trustee is permitted to sell Eligible Investments or redeem Eligible Investments prior to maturity at a price below par only if the Trustee receives, not less than two Business Days prior to the applicable redemption date, a Cash Flow Projection and any Eligible Funds required pursuant to such Cash Flow Projection. Notice thereof shall be given consistent with DTC procedures in accordance with the Indenture.

Notice of Optional Redemption

Notice to Holders. Not less than twenty (20) days preceding the redemption date, the Trustee shall give written notice of optional redemption to the Holders of the Bonds then Outstanding (with a copy to the Issuer, the Borrower, the Investor Limited Partner and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the proposed redemption date;

(ii) the redemption price;

(iii) if less than all Outstanding Bonds are to be redeemed, the identification by designation, letters, numbers or other distinguishing marks (and in the case of partial redemption, the respective principal amounts of the Bonds to be redeemed);

(iv) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

(v) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for redemption and the date of the required delivery.

Notices of redemption may state that no representation is made as to the accuracy or correctness of the CUSIP number or numbers provided thereon or on the Bonds. Notice of optional redemption may be conditional.

Neither failure to give or receive any notice described in this heading, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in this heading.

Book-Entry Only System

The following information on the Book-Entry System applicable to all Bonds has been supplied by DTC and none of the Issuer, the Borrower or the Underwriter or any of their respective counsel, members, officers or employees make any representation, warranties or guarantees with respect to its accuracy or completeness or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company ("DTC"), Brooklyn, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully

registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with, or held by the Trustee as custodian for, DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with Direct Participants, the "Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the Book-Entry System for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s

consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest and redemption or purchase price payments on the Bonds will be made to Cede &. Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee, on payment dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest and redemption or purchase price payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory tender for purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The information in this section concerning DTC and DTC's Book-Entry System has been obtained from sources that are believed to be reliable, and the Issuer takes no responsibility for the accuracy thereof.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds will be secured by all right, title and interest of the Issuer in the Trust Estate (which excludes the Reserved Rights in all cases), including (i) all right, title and interest of the Issuer in and to all Revenues, derived or to be derived by the Issuer or the Trustee for the account of the Issuer under the terms of the Indenture and the Loan Agreement, together with all other Revenues received by the Trustee for the account of the Issuer arising out of or on account of the Trust Estate, (ii) all right, title and interest of the Issuer in and to the Note including all payments and proceeds with respect thereto or replacement thereof, (iii) all moneys (including Eligible Funds received by the Trustee for deposit into the Collateral Fund provided that Mortgage Loan proceeds become part of the Trust Estate concurrently with the Trustee's corresponding disbursement of Bond proceeds to or at the direction of the Mortgage Lender in accordance with the provisions of the Indenture) which are at any time or from time to time on deposit in any fund or account created under the Indenture (excluding funds in the Costs of Issuance Fund (but only to the extent such moneys are not proceeds of the Bonds), the Expense Fund, the Funding Loan Fund and the Rebate Fund, (iv) all right, title and interest of the Issuer in and to, and remedies under, the Loan Agreement, and (v) all funds, moneys and securities and any and all other rights and interests in property whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture for the Bonds by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture (the foregoing collectively referred to as the "Trust Estate").

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE SECURITY PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OF CALIFORNIA, NOR ANY POLITICAL

SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY), OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE ENFORCEMENT OF ANY OBLIGATION, PROMISE OR AGREEMENT OF THE ISSUER CONTAINED IN THE INDENTURE OR IN THE BONDS OR THE OTHER DOCUMENTS TO WHICH THE ISSUER IS A PARTY OR FOR ANY CLAIM BASED THEREON OR OTHERWISE IN RESPECT THEREOF AGAINST ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE, AS SUCH, IN HIS/HER INDIVIDUAL CAPACITY, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY WHETHER BY VIRTUE OF ANY CONSTITUTIONAL PROVISION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE. NO PERSONAL LIABILITY WHATSOEVER SHALL ATTACH TO, OR BE INCURRED BY, ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE AS SUCH, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY, UNDER OR BY REASON OF ANY OF THE OBLIGATIONS, PROMISES OR AGREEMENTS ENTERED INTO IN THE BONDS OR BETWEEN THE ISSUER AND THE TRUSTEE, WHETHER THEREIN CONTAINED OR TO BE IMPLIED HEREFROM AS BEING SUPPLEMENTAL THERETO; AND ALL PERSONAL LIABILITY OF THAT CHARACTER AGAINST EVERY SUCH TRUSTEE, MEMBER, OFFICER, AGENT, ATTORNEY AND EMPLOYEE IS, BY THE EXECUTION OF THE INDENTURE AND AS A CONDITION OF, AND AS PART OF THE CONSIDERATION FOR, THE EXECUTION OF THE INDENTURE, EXPRESSLY WAIVED AND RELEASED.

Repayment of Loan

The Loan Agreement and the Note obligate the Borrower to cause to be paid to the Trustee amounts, which together with any moneys available for such payment in any account of the Bond Fund, shall be sufficient to pay Bond Service Charges coming due on each Interest Payment Date. At all times the Eligible Funds required to be deposited into the Collateral Fund and amounts on deposit in the Bond Fund and the Project Fund, if any, along with interest earnings thereon (without the need for reinvestment), will be sufficient to pay such Bond Service Charges, and payments by the Trustee of such amounts will be a credit against the Borrower's payment obligations under the Loan Agreement and the Note.

Investment of the Special Funds; Eligible Investments

All amounts on deposit in the Special Funds will be invested in Eligible Investments at all times. It is anticipated that all of the Bond proceeds in the Project Fund will be disbursed in accordance with the Indenture to pay Project Costs on and after the Closing Date and that Bond Service Charges will be paid from amounts on deposit in the Bond Fund and Collateral Fund and any investment earnings thereon.

Additional Bonds

The Indenture does not provide for the issuance of additional bonds on parity with the Bonds, except for the Taxable Bonds (defined herein).

PRIVATE PARTICIPANTS

The following information under this heading has been provided solely by representatives of the Borrower and has not been independently verified by the Issuer, the Underwriter or any of their respective counsel, members, officers or employees, or Bond Counsel. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Issuer, the Underwriter or any of their respective counsel, members, officers or employees, or Bond Counsel.

The Borrower

Hillcrest Hall LP, a California limited partnership (the "Borrower"), is a single-asset entity formed for the specific purpose of developing and owning the Project. The administrative general partner of the Borrower is Hillcrest Hall AGP LLC, a California limited liability company (the "Administrative General Partner"), the sole member of which is CRP Affordable Housing and Community Development LLC, a Delaware limited liability company. The co-administrative general partner of the Borrower is E. Smith Hillcrest Hall LLC, a California limited liability company (the "Co-Administrative General Partner"), the sole member of which is E. Smith & Company, Inc., a California nonprofit corporation. The managing general partner of the Borrower is Bold Hillcrest LLC, a California limited liability company (the "Managing General Partner"), the sole member of which is Bold Communities, a California nonprofit public benefit corporation. The Administrative General Partner, Co-Administrative General Partner and Managing General Partner are collectively referred to as the "General Partner" which General Partner will collectively own a 0.01% interest in the Borrower. [RSEP Holding, LLC, a Delaware limited liability company], or its designee (the "Investor Limited Partner"), will own a 99.99% interest in the Borrower.

The Investor Limited Partner

Contemporaneously with the issuance of the Bonds, the Investor Limited Partner will acquire a 99.99% ownership interest in the Borrower. In connection with such acquisition, the Investor Limited Partner is expected to fund approximately $23,893,839* of federal low-income housing tax credit equity (the "Tax Credit Equity") to the Project, to be paid in stages during and after construction of the Project. These funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the estimates set forth herein and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

The Developer

The developer for the Project is CRP Affordable Housing and Community Development LLC, a Delaware limited liability company (the "Developer"), located in San Diego, California. The Developer commenced operations in 2019 and has six years of experience in affordable housing multifamily development. The Developer has developed 1,155 units in two states.

Limited Assets and Obligation of Borrower, General Partner, and Investor Limited Partner

The Borrower has no substantial assets other than the Project and does not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the development and ownership of the Project. However, the members of the General Partner, the Investor Limited Partner, and their affiliates are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. The members of the General Partner, the Investor Limited Partner, and their affiliates may be financially interested in, as officers, partners or otherwise, and devote substantial times to, business and activities that may be inconsistent or competitive with the interests of the Project.

The obligations and liabilities of the Borrower under the Loan Agreement and the Note are of a non-recourse nature and are limited to the Project and moneys derived from the operation of the Project. Neither the Borrower nor its partners have any personal liability for payments on the Note to be applied to pay the principal of and interest on

* Preliminary; subject to change.

the Bonds. Furthermore, no representation is made that the Borrower has substantial funds available for the Project. Accordingly, neither the Borrower's financial statements nor those of its partners are included in this Official Statement.

The Property Manager

The Borrower has entered into a management agreement with FPI Management, Inc., a California corporation (the "Property Manager"), to manage the day-to-day operations of the Project. The Property Manager is not an affiliate of the Developer. The Property Manager has been involved in the management of affordable housing since 1968. The Property Manager currently manages 167,000 apartment units in 22 states.

The General Contractor

The general contractor for the Project is Ironcore Construction LLC, a California limited liability company (the "General Contractor"). The General Contractor is an affiliate of the Developer. Based in San Diego, California, the General Contractor was formed in 2019 and is a California-licensed contractor. Since inception, the General Contractor has built or rehabilitated over 300 units of affordable apartments.

The Architect

The architect for the Project is Architects Orange, LLP (dba AO) (the "Architect"). The Architect [is/is not] an affiliate of the Developer. The Architect has been a licensed architect for 50 years and has been the principal architect for over 100 multifamily developments with a total of 50,000 units.

THE PROJECT

The following information concerning the Project has been provided by representatives of the Borrower and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Project, known as Hillcrest Hall, is located in San Diego, California, on an approximately 0.45-acre site. The Project contains 98 apartment units (including one manager's unit) in one building located at 1601 University Avenue, San Diego, CA 92103, with approximately 18,828 total square feet and has frontage along the south side of University Avenue and the east side of Herbert Street. Common area improvements will include: common room, study room and laundry room. Unit amenities include: dishwasher, range and refrigerator. There are nine parking spaces for resident use only.

It is anticipated that construction will commence promptly upon the issuance of the Bonds and funding of the initial installment of the Tax Credit Equity and will be completed in approximately 24 months.

The unit type, the unit mix and approximate square footage for the units of the Project will be as follows:

Unit Type	Average Square Feet	Number of Units
1 Bedroom 1 Bath	525	35
2 Bedroom 1 Bath	748	28
3 Bedroom 1 Bath	991	35
TOTAL		**98**

Non-Residential Commercial Space – Retail Tenant

The Project includes approximately 2,691 square feet of non-residential, retail space on the ground floor of the building (the "Retail Space") for community-serving retail and other uses. The Retail Space shall be subject to a Commercial Master Lease entered into as of the Closing Date (the "Commercial Master Lease") between the Borrower and [Hillcrest Hill Retail LLC], a California limited liability company (the "Retail Tenant"). The Retail Tenant is an affiliate of the Developer. The lease term begins upon issuance of a temporary certificate of occupancy for the project (currently anticipated around March 2028) and runs for a period of [55] years. The lease is structured as a nominal base-rent, triple-net arrangement: the tenant pays base rent of 1 dollar per year plus all premises operating costs, its pro rata share (currently 2.5 percent) of project real estate taxes, insurance and common area expenses, and is responsible for interior maintenance and tenant improvements. The Retail Space may be subleased to up to seven subtenants for "community-serving" commercial uses (such as cafe, fbarber, nonprofit office, and small retail) consistent with project regulatory restrictions. Rents under any sublease are retained by the Retail Tenant.

Plan of Financing

The estimated sources and uses of funds for the Project are projected to be approximately as follows:

Sources of Funds:*	
Tax-Exempt Bond Proceeds[1]	$18,200,000
Taxable Bond Proceeds	31,505,000
Tax Credit Equity	23,893,839
State Tax Credit Equity Loan	10,680,000
Housing Commission Loan	5,000,000
City Loan	3,175,000
San Diego Foundation Loan	2,000,000
Interest on Cash Back Forward (Tax-Exempt)	1,277,640
Interest on Cash Back Forward (Taxable)	2,211,300
Deferred Developer Fee	4,480,547
Total Sources	**$102,423,326**
Uses of Funds:*	
Acquisition Costs	$8,706,600
Construction Costs	32,830,000
Soft Costs	472,399
Costs of Issuance	93,197
Developer Fee	7,872,484
Reserves & Escrows	743,646
Repayment of Bond Principal	49,705,000
Total Uses	**$100,423,326**

[1]*Subject to the satisfaction of the Conditions to Funding, Citibank shall make a loan to the Issuer on the Initial Mandatory Tender Date or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds (the "Funding Date") in an original principal amount not to exceed $18,200,000*, the proceeds of which will be used by the Trustee to pay the purchase price of the Bonds, which will be exchanged for the Governmental Lender Note.*

All costs of issuing the Bonds, including the Underwriter's fee, will be paid by the Borrower.

The Mortgage Loan. The Project will utilize a construction loan in the principal amount of up to $49,705,035* (the "Mortgage Loan"). The Mortgage Loan will be secured by a senior mortgage on the Project and the obligation to repay the Mortgage Loan will be evidenced by a promissory note (the "Mortgage Note") from the Borrower to Citibank, N.A. (the "Mortgage Lender"). The Mortgage Note will have a term of 33 months*, with the right to one three-month extension plus one six-month extension, and will bear interest at a floating rate, but the

* Preliminary; subject to change.

Borrower will obtain a rate cap pursuant to which the interest rate payable by the Borrower will be no higher than the applicable strike price per annum, with no payments of principal during the term, and with all unpaid principal and interest due at maturity. The Mortgage Loan proceeds, in an amount not to exceed the principal amount of the Bonds, will be disbursed from time to time by the Mortgage Lender to the Trustee for deposit into the Collateral Fund to allow for a corresponding amount of Bond proceeds to be disbursed to the Project.

The Taxable Bonds. Simultaneously with the issuance of the Bonds, the Issuer is issuing its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) (the "Taxable Bonds") in the principal amount of $31,505,000*, the proceeds of which will be used to make a loan to the Borrower to finance a portion of the acquisition, construction and equipping of the Project. The Taxable Bonds are not being offered pursuant to this Official Statement. Closing on the Bonds is contingent on the closing of the Taxable Bonds.

The Low Income Housing Tax Credit Proceeds. Contemporaneously with the issuance of the Bonds, the Investor Limited Partner expects to acquire a 99.99% ownership interest in the Borrower. In connection with such acquisition, the funding of the Tax Credit Equity will total approximately $23,893,839*, with approximately $2,390,000* expected to be funded in connection with the issuance of the Bonds. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

The State Tax Credit Equity Loan. The Project will utilize a loan to the Borrower in the principal amount of $10,680,000* (the "State Tax Credit Equity Loan") pursuant to a [State Tax Credit Purchase and Sale Agreement] among the Borrower, the [State Credit Purchaser] and the Managing General Partner. The proceeds generated from the sale of certificated state tax credits will be used by the Managing General Partner to fund the State Tax Credit Equity Loan, which loan will have a term of 55 years, bear 0% interest and be payable only upon maturity. The State Tax Credit Equity Loan will be secured by a subordinate mortgage against the Project subordinate to the Mortgage Loan.

The Housing Commission Loan. The Project will also utilize a loan in the principal amount of $5,000,000* (the "Housing Commission Loan"). The obligation to repay the Housing Commission Loan will be set forth in a promissory note (the "Housing Commission Note") from the Borrower to the San Diego Housing Commission, as maker of the Housing Commission Loan, and the Housing Commission Loan will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The Housing Commission Note will be secured by a subordinate mortgage against the Project subordinate to the Mortgage Loan. The Housing Commission Note will have a term of 55 years and will bear interest at a rate of 3.0% per annum, with annual principal and interest payable from available cash flow and if not otherwise paid, due at maturity.

The City Loan. The Project will also utilize a loan in the principal amount of $3,175,000* (the "City Loan"). The obligation to repay the City Loan will be set forth in a promissory note (the "City Note") from the Borrower to the City of San Diego, as maker of the City Loan, and the City Loan will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The City Note will be secured by a subordinate mortgage against the Project subordinate to the Mortgage Loan. The City Note will have a term of 55 years and will bear interest at a rate of 3.00% per annum, with annual principal and interest payable from available cash flow and if not otherwise paid, due at maturity.

The San Diego Foundation Loan. The Project will also utilize a loan in the principal amount of $2,000,000* (the "San Diego Foundation Loan"). The obligation to repay the San Diego Foundation Loan will be set forth in a promissory note (the "City Note") from the Borrower to the_____. The City Loan will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The City Note will be [secured by a subordinate mortgage against the Project subordinate to the Mortgage Loan][unsecured]. The City Note

* Preliminary; subject to change.

will have a term of __ years and will bear interest at a rate of ____% per annum, with annual principal and interest payable from available cash flow and if not otherwise paid, due at maturity.

Deferred Developer Fee. The Project will utilize deferred developer fee in the anticipated amount of $4,480,547* as a source of funding. The deferred developer fee will be repaid through surplus cash flow received from the operation of the Project.

Project Regulation

The Borrower intends to operate the Project as a qualified residential rental project in accordance with the provisions of Section 142(d) of the Code. Concurrently with the issuance of the Bonds, the Borrower, the Trustee and the Issuer will enter into the Tax Regulatory Agreement. Under the Tax Regulatory Agreement, the Borrower will agree that, at all times during the Qualified Project Period (as defined in the Tax Regulatory Agreement), the Borrower will rent at least 40% of the units in the Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is no more than 60% of the area median income (adjusted for family size) ("AMI"). See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT" herein.

In addition to the rental restrictions imposed upon the Project by the Tax Regulatory Agreement, the Project will be further encumbered by a tax credit restrictive covenant, to be executed by the Borrower in connection with the federal low-income housing tax credits anticipated to be granted for the Project and in compliance with the requirements of Section 42 of the Code. Section 42 of the Code will restrict the income levels of 100% of the revenue-producing residential units in the Project (the "Tax Credit Units"). Within the Project, (i) 15 of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 30% of the AMI adjusted for family size, (ii) 11 of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 50% of the AMI adjusted for family size, (iii) 40 of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 60% of the AMI adjusted for family size and (iv) 31 of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 70% of the AMI adjusted for family size.

[There is a Housing Commission regulatory agreement and a City of San Diego regulatory agreement which will encumber the Project and be senior to the Bond loan]

Property Tax Exemption

The Project is eligible for an exemption from certain ad valorem real estate taxes (collectively, the "Real Estate Taxes") pursuant to Section 214(g) of the California Revenue and Taxation Code ("CRT Code"), implementing exemptions permitted under Article XIII of the California Constitution, which CRT Code Section 214(g) delineates the requirements of the welfare tax exemption (the "Welfare Exemption"). In California, affordable housing projects restricted with regulatory agreements with respect to the Bonds and Tax Credits may qualify for the Welfare Exemption when a nonprofit organization is part of the ownership structure and the property is used to provide housing to low-income households with incomes which do not exceed 80% of Area Median Income. This Welfare Exemption applies to properties owned by nonprofits or by limited partnerships in which a nonprofit serves as the managing general partner, which nonprofit is an exempt organization under Internal Revenue Code Section 501(c)(3) or California Franchise Tax Board Section 23701d. The Managing General Partner is owned by Bold Communities, a California nonprofit public benefit corporation and an organization exempt under Section 501(c)(3) of the Internal Revenue Code. To be eligible, the property must be used exclusively for charitable purposes (typically, at least 90% of the units must be restricted to and occupied by low-income resident), and must be subject to a long-term affordability regulatory agreement, among other statutory requirements under CRT Code Section 214(g). The Welfare Exemption can apply to both land and improvements, and may be full or partial depending on the actual qualified use and occupancy of the property by low-income residents with incomes which do not exceed 80% of Area Median Income. To claim the exemption, the nonprofit must submit the appropriate annual filings to the County Assessor and the State Board of Equalization, with annual filings required to maintain the Welfare Exemption.

The Managing General Partner has undertaken or will undertake the applicable duties and filing responsibilities under the terms of the Partnership Agreement to qualify for the Welfare Exemption. The granting of

the welfare exemption under CRT Code Section 214(g) is subject, in all instances, to certain administrative and discretionary determinations of the County Assessor and the State Board of Equalization based on the actual use and occupancy of the Project on an annual basis.

CERTAIN BONDHOLDERS' RISKS

The purchase of the Bonds will involve a number of risks. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors.

General

Payment of the Bond Service Charges, and the Borrower's obligations with respect to the Bond Service Charges, will be secured by and payable from Bond proceeds held in the Project Fund, if any, and moneys deposited into the Collateral Fund and the Bond Fund, including the Negative Arbitrage Account held in the Bond Fund. Although the Borrower will execute the Note to evidence its obligation to repay the Loan, it is not expected that any revenues from the Project or other amounts, except moneys in the Bond Fund, Project Fund, if any, and Collateral Fund, will be available to satisfy that obligation. The Indenture requires the Trustee to verify, before any disbursement of funds from the Project Fund, that the sum of the funds on deposit in the Project Fund and the Collateral Fund is at least equal to the then outstanding principal amount of the Bonds. It is expected that all of the Bond proceeds in the Project Fund will be disbursed to pay Project Costs on and after the Closing Date. At all times funds on deposit in the Collateral Fund and Negative Arbitrage Account of the Bond Fund, and the interest earnings thereon (without the need for reinvestment), will be sufficient to pay the debt service on the Bonds.

Limited Security for Bonds

The Bonds are special limited obligations of the Issuer payable solely from the Trust Estate, which includes certain funds pledged to and held by the Trustee pursuant to the Indenture.

The Bonds are offered solely on the basis of the amounts held under the Indenture and are not offered on the basis of the credit of the Borrower, the feasibility of the Project or any other security, and are not secured by a mortgage. As a consequence, limited information about the Project and no information about the financial condition or results of operations of the Borrower is included in this Official Statement. The Bonds are offered only to investors who, in making their investment decision, rely solely on the amounts held under the Indenture and not on the credit of the Borrower, the feasibility of the Project or any other security.

The principal of and interest on the Bonds are payable from and secured by certain revenues and funds pledged thereto under the Indenture. On the date of delivery of the Bonds, the principal amount of the Bonds is to be deposited in the Project Fund, and an amount equal to the aggregate interest payments on the Bonds from the date of delivery to the Initial Mandatory Tender Date is to be deposited in the Negative Arbitrage Account. Such amounts are to be invested in Eligible Investments pursuant to the Indenture.

The Trustee is required to invest amounts held in the Special Funds in Eligible Investments, as defined in the Indenture. See "APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE — Investment of Special Funds." Debt Service on the Bonds has been scheduled assuming that the amounts held in the Special Funds earn no interest prior to the Initial Mandatory Tender Date. Failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

Future Determination of Taxability of the Bonds

Failure of the Borrower to have complied with and to continue to comply with certain covenants contained in the Loan Agreement and the Tax Regulatory Agreement could result in interest on the Bonds being taxable retroactive to the date of original issuance of the Bonds. The Bonds are not subject to redemption upon a determination of taxability and are not subject to payment of additional interest in such an event, and neither the Issuer nor the

Borrower will be liable under the Bonds, the Indenture or the Loan Agreement for any such payment of additional interest on the Bonds.

Issuer Limited Liability

The Bonds are limited obligations of the Issuer payable solely from certain funds pledged to and held by the Trustee pursuant to the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein. The Bondholders will have no recourse to the Issuer in the event of an Event of Default on the Bonds. The Trust Estate for the Bonds will be the only source of payment on the Bonds.

Enforceability of Remedies upon an Event of Default

The remedies available to the Trustee and the owners of the Bonds upon an Event of Default under the Indenture, the Loan Agreement, the Tax Regulatory Agreement or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Secondary Markets and Prices

No representation is made concerning the existence of any secondary market for the Bonds. The Remarketing Agent will not be obligated to repurchase any of the Bonds, nor can any assurance be given that any secondary market will develop following the completion of the offering of the Bonds. Further, there can be no assurance that the initial offering prices for the Bonds will continue for any period of time. Furthermore, the Bonds should be purchased for their projected returns only and not for any resale potential, which may or may not exist.

Eligible Investments

Proceeds of the Bonds deposited into the Project Fund and Eligible Funds received by the Trustee for deposit into the Collateral Fund are required to be invested in Eligible Investments. See "APPENDIX A — DEFINITIONS OF CERTAIN TERMS" hereto for the definition of Eligible Investments. There can be no assurance that there will not be a loss resulting from any investment held for the credit of the Project Fund or the Collateral Fund, and any failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

Rating Based on Eligible Investments

The rating on the Bonds is based on the amounts in the Project Fund, Bond Fund and the Collateral Fund being invested in Eligible Investments. If one or more of such investments fail to meet the rating standards for Eligible Investments after their acquisition and prior to maturity, such a change may result in a downgrade or withdrawal of the rating on the Bonds.

Subordination to Mortgage Loan Documents

The Indenture, the Loan Agreement, the Note, and the Tax Regulatory Agreement contain provisions regarding subordination of such documents to the Mortgage Loan Documents. No assurance can be given that such provisions will not impair the excludability of interest on the Bonds from gross income for federal income tax purposes.

Future Legislation; IRS Examination

The Project, its operation and the treatment of interest on the Bonds are subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. There can be no assurance that relevant local, State or federal laws, rules and regulations may not be amended or modified or interpreted in the future in a manner that could adversely affect the Bonds, the Trust Estate created under the Indenture, the Project, or the financial condition of or ability of the Borrower to comply with its obligations under the various transaction documents.

In recent years, the Internal Revenue Service ("IRS") has increased the frequency and scope of its examination and other enforcement activity regarding tax exempt bonds. Currently, the primary penalty available to the IRS under the Code is a determination that interest on bonds is subject to federal income taxation. Such event could occur for a variety of reasons, including, without limitation, failure to comply with certain requirements imposed by the Code relating to investment restrictions, periodic payments of arbitrage profits to the United States of America, the timely and proper use of Bond proceeds and the facilities financed therewith and certain other matters. See "TAX MATTERS" herein. No assurance can be given that the IRS will not examine the Issuer, the Borrower, the Project or the Bonds. If the Bonds are examined, it may have an adverse impact on their price and marketability.

Potential Impact of Pandemics or Public Health Crises

The spread of the strain of a virus and resulting disease could alter the behavior of businesses and people in a manner that could have negative effects on global, state and local economies. There can be no assurances that the spread of a pandemic would not materially impact both local and national economies and, accordingly, have a materially adverse impact on the Project's operating and financial viability. The effects of a pandemic could include, among other things, an increase in the time necessary to complete the construction of the Project, suspension or delay of site inspections and other on-site meetings, interruption in the engagement of material participants in the Project, increase in the time necessary to conduct lease-up at the Project, and increased delinquencies and/or vacancies, all of which could impact the Borrower's ability to make payments on the loans and result in a default and acceleration thereof.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

TAX MATTERS

Legal matters incident to the authorization, validity and issuance of the Bonds are subject to the unqualified approving opinion of Jones Hall LLP, Bond Counsel, whose opinion will be available at the time of delivery of the Bonds. It is anticipated that the approving opinion will be in substantially the form attached to this Official Statement as Appendix F.

Federal Tax Status

In the opinion of Jones Hall LLP, San Mateo, California, Bond Counsel, subject, however, to certain qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, except during any period while a Bond is held by a "substantial user" of the facilities financed by the Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Tax Code"). In the further opinion of Bond Counsel, interest on the Bonds is, under existing law, not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Issuer and the Borrower comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer and the Borrower have made certain representations

and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium

If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds

should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

UNDERWRITING

Pursuant and subject to the terms and conditions set forth in the Bond Purchase Agreement (the "Bond Purchase Agreement"), among Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), the Issuer, and the Borrower, the Underwriter has agreed to purchase the Bonds at the price set forth on the cover page hereof. For its services relating to the transaction, the Underwriter will receive a fee of $_____ plus $_____, payable in immediately available funds on the Closing Date, from which the Underwriter shall pay certain fees and expenses relating to the issuance of the Bonds. The Underwriter's fee shall not include the fee of its counsel.

The Underwriter's obligations are subject to certain conditions precedent, and the Underwriter will purchase all the Bonds, if any are purchased. Pursuant to the Bond Purchase Agreement, the Borrower has agreed to indemnify the Underwriter and the Issuer against certain civil liabilities, including liabilities under federal securities laws. It is intended that the Bonds will be offered to the public initially at the offering prices set forth on the cover page hereof and that such offering prices subsequently may change without any requirement of prior notice. The Underwriter may offer the Bonds to other dealers at prices lower than those offered to the public.

The Underwriter does not guarantee a secondary market for the Bonds and is not obligated to make any such market in the Bonds. No assurance can be made that such a market will develop or continue. Consequently, investors may not be able to resell Bonds should they need or wish to do so for emergency or other purposes.

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include securities sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the Issuer and/or the Borrower and to persons and entities with relationships with the Issuer and/or the Borrower, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer and/or the Borrower (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer and/or the Borrower.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer.

In addition to serving as Underwriter, Stifel, Nicolaus & Company, Incorporated has been designated to serve as Remarketing Agent and will receive a fee for its remarketing services in connection with the remarketing, if any, of the Bonds on the Initial Mandatory Tender Date.

RATING

Moody's Investors Service, Inc., a Delaware corporation (the "Rating Agency"), has assigned to the Bonds the rating set forth on the cover page hereof. The rating reflects only the view of the Rating Agency at the time the

rating was issued and an explanation of the significance of such rating may be obtained from the Rating Agency. The rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating can be expected to have an adverse effect on the market price of the Bonds.

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

The Borrower has undertaken responsibility for any continuing disclosure to Holders of the Bonds as described below, and the Issuer will have no liability to the Holders of the Bonds or any other person with respect to such disclosures.

Concurrently with the issuance of the Bonds, the Borrower will enter into a Continuing Disclosure Agreement dated as of June 1, 2026 (the "Continuing Disclosure Agreement") with [U.S. Bank Trust Company, National Association, a national banking association], as the Dissemination Agent, obligating the Borrower to send, or cause to be sent, certain financial information with respect to the Project to certain information repositories annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board, if any, of certain enumerated events for the benefit of the Beneficial Owners and Holders of any of the Bonds, in order to allow the Underwriter to meet the requirements of Section (b)(5)(i) of Securities Exchange Commission Rule 15c2-12 (the "Rule"). See "APPENDIX E — FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto.

A failure by the Borrower to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Loan Agreement (although Holders will have any available remedy at law or in equity for obtaining necessary disclosures). Nevertheless, such a failure to comply is required to be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds.

The Borrower has not previously been subject to the continuing disclosure requirements of the Rule.

CERTAIN LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approving opinion of Jones Hall LLP, San Mateo, California. The approving opinion of Bond Counsel, in substantially the form set forth as APPENDIX F to this Official Statement, will be delivered with the Bonds. Certain legal matters will be passed upon for the Borrower by its counsel, Hobson Bernardino + Davis LLP, Culver City, California, and for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C. Compensation for certain of such counsel is contingent upon the issuance of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering those opinions on the legal issues explicitly addressed therein. By rendering the legal opinion, the opinion giver does not become an insurer or guarantor of an expression of professional judgment of the transaction opined upon or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ABSENCE OF LITIGATION

The Issuer

On the date of issuance of the Bonds, the Issuer will deliver certificate(s) to the effect that, to the knowledge of the Issuer, no litigation is pending or threatened against the Issuer (i) to restrain or enjoin the issuance of the Bonds, or contesting or questioning the validity of the Bonds or the proceedings and authority under which the Bonds have been authorized and are to be issued, or the pledge or application of any money or security provided for the payment of the Bonds or (ii) which questions the validity of the Indenture, the Loan Agreement, the Tax Regulatory Agreement or the Bonds.

The Borrower

There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any general partner of the Borrower, in their respective capacities as such, nor, to the knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds, the use of this Official Statement in the marketing of the Bonds or the collection of revenues pledged under or pursuant to the Indenture or (ii) which would in any way contest or affect the organization or existence of the Borrower or the entitlement of any officer of the Borrower to its position or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by this Official Statement, (B) the validity or enforceability of the Bonds or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the financial condition or operations of the Borrower or (iv) which contests in any way the completeness or accuracy of this Official Statement or (v) which questions the power or authority of the Borrower to carry out the transactions on its part contemplated by this Official Statement, or the power of the Borrower to own or operate the Project. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

THE TRUSTEE

The information under this heading has been provided solely by the Trustee and is believed to be reliable, but has not been verified independently by the Issuer or the Underwriter. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Borrower, the Issuer or the Underwriter.

The Issuer has appointed [U.S. Bank Trust Company, National Association, a national banking association], as Trustee under the Indenture. The Trustee is a national banking association having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System.

The Trustee is to carry out such duties as are assigned to it under the Indenture, the Loan Agreement, and the other Documents. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds (except for the certificate of authentication on each Bond), or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the expected uses of proceeds of the Bonds or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

ADDITIONAL INFORMATION

The summaries and explanation of, or references to, the Act, the Indenture and the Bonds included in this Official Statement do not purport to be comprehensive or definitive. Such summaries, references and descriptions are qualified in their entirety by reference to each such document, copies of which are on file with the Trustee.

The information contained in this Official Statement is subject to change without notice and no implication shall be derived therefrom or from the sale of the Bonds that there has been no change in the affairs of the Issuer or the Borrower from the date hereof.

This Official Statement is submitted in connection with the offering of the Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the owners of any of the Bonds.

The information set forth herein under the headings "THE ISSUER" and "ABSENCE OF LITIGATION — The Issuer," solely as such information relates to the Issuer, has been furnished by the Issuer. All other information set forth herein has been obtained from the Borrower and other sources that are believed to be reliable. The adequacy, accuracy or completeness of such information is not guaranteed by, and is not to be construed as a representation of, the Issuer or the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, The Depository Trust Company or the Borrower since the date hereof.

[Signature page to follow]

IN WITNESS WHEREOF, the foregoing Official Statement has been executed by the undersigned as of the date first written above.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC,
a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and
Community Development LLC,
a Delaware limited liability company,
its Sole Member

By: _____
Joel Hammer
Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC,
a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc.,
a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett
CEO

By: BOLD HILLCREST LLC,
a California limited liability company,
its Managing General Partner

By: Bold Communities,
a California nonprofit public benefit
corporation,
its Sole Member

By: _____
Michael Miller
President

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

Certain capitalized terms used in this Official Statement are defined below. The following is subject to all the terms and provisions of the Indenture, to which reference is hereby made and copies of which are available from the Issuer or the Trustee.

"Act" means Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authorized Borrower Representative" means any person who, at any time and from time to time, is designated as the Borrower's authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate revoking such person's authority to act in such capacity.

"Authorized Denomination" means (a) so long as the Bonds are rated "BBB-" or higher by a Rating Agency, $5,000, or any integral multiple of $1,000 in excess thereof, or (b) at any other time, $100,000 or any integral multiple of $1,000 in excess thereof, or the outstanding principal amount of the Bonds, if less.

"Authorized Issuer Representative" means any Designated Officer of the Issuer described in the Bond Resolution and such additional Person or Persons, if any, duly designated by the Issuer in writing to act on its behalf.

"Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as in effect now and in the future, or any successor statute.

"Beneficial Owner" means any person for whom a Participant acquires an interest in the Bonds.

"Bond Counsel" means Jones Hall LLP or other counsel retained by the Issuer, the Borrower or the Underwriter and acceptable to the Issuer, which counsel shall be nationally recognized as having an expertise in connection with the exclusion of interest on obligations of states and local governmental units from the gross income of holders thereof for federal income tax purposes.

"Bond Fund" means the Bond Fund established pursuant to the Indenture.

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated June __, 2026, among the Issuer, the Borrower and Underwriter.

"Bond Service Charges" means, pursuant to the Loan Agreement, payments made by the Borrower to the Trustee for the account of the Issuer in an amount sufficient to pay the principal of and interest on the Bonds when due to the extent that amounts otherwise available for such payment are insufficient therefor.

"Bondholder" or "Holder of the Bonds" or "Holder" or "Owner of the Bonds" or "Owner" when used with respect to any Bond, means the person or persons in whose name such Bond is registered as the owner thereof on the books of the Issuer maintained by the Trustee at the Designated Office for that purpose.

"Bonds" means the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt).

"Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which (i) the ownership of beneficial interests in the Bonds may be transferred only through a book entry and (ii) physical bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as holder, with the physical bond certificates "immobilized" in the custody of the Securities Depository.

"Borrower" means Hillcrest Hall LP, a California limited partnership, organized and existing under the laws of the State, and its permitted successors and assigns.

"Borrower Documents" means the Loan Agreement, the Note, the Tax Certificate, the Tax Regulatory Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement and any and all documents, agreements or instruments executed by the Borrower in connection with the Loan evidenced by the Loan Agreement, but excluding the Mortgage Loan Documents.

"Borrower Loan Agreement" means the Borrower Loan Agreement, the form of which is attached to the Indenture as an appendix, which Borrower Loan Agreement shall be completed, executed, and delivered and become effective on the Funding Date.

"Borrower Representative" means a person at the time designated and authorized to act on behalf of the Borrower by a written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by one of its officers, which certificate may designate an alternate or alternates.

"Borrower's Obligations" means, without limitation, the obligations of the Borrower under the Loan Agreement, the Note, and the other Borrower Documents, including to (a) pay the principal of, and interest on the Note, when and as the same shall become due and payable (whether at the stated maturity thereof, on any payment date or by acceleration of maturity or otherwise), (b) pay all other amounts required by the Loan Agreement (including, without limitation, the Issuer Fees and Expenses and all indemnification payments due under the Loan Agreement), the Note, and the other Borrower Documents to be paid by the Borrower to the Issuer, as and when the same shall become due and payable, and (c) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Borrower is required by the Loan Agreement, the Note, the Tax Regulatory Agreement, and any of the other Borrower Documents, to perform or observe.

"Business Day" or "business day" means any day other than (a) a Saturday or a Sunday, or (b) a day on which (i) banking institutions in the City of New York or in the city in which the Designated Office of the Trustee or Remarketing Agent is located is authorized or obligated by law or executive order to be closed, or (ii) the New York Stock Exchange is closed, and on which the United States Government makes payments of principal and interest on its Treasury obligations.

"Cash Flow Projection" means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by, and provided by or on behalf of, the Borrower and acceptable to the Rating Agency, establishing, to the satisfaction of the Rating Agency, the sufficiency of (a) the amount on deposit in the Special Funds, (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower to pay Bond Service Charges due on the Bonds, the Issuer Fees and Expenses, and Trustee's Fee and expenses, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds, (ii) a proposed remarketing of the Bonds, as provided in the Indenture, (iii) the release of Eligible Funds from the Negative

Arbitrage Account of the Bond Fund, as provided in the Indenture, (iv) the purchase, sale or exchange of Eligible Investments as permitted in the Indenture, (v) the sale or other disposition by the Trustee of Eligible Investments prior to maturity at a price below par; or (vi) the optional redemption of the Bonds as provided in the Indenture.

"Certificate of Occupancy" means the temporary or final certificate(s) of occupancy, as the case may be, issued by the State Department of the State or City of San Diego for the multifamily units in the Project, or if certificate(s) of occupancy are not required or provided for multifamily units, then evidence of all final inspection approvals needed to occupy the multifamily units.

"Citibank" means Citibank, N.A., a national banking association, and its successors and assigns.

"Closing Date" means June __, 2026, the date of delivery of the Bonds in exchange for the purchase price therefor.

"Closing Memorandum" means the closing memorandum or settlement statement signed by the Borrower to be delivered on or before the Closing Date.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable final, temporary and proposed regulations and revenue rulings applicable thereto.

"Collateral Fund" means the Collateral Fund established pursuant to the Indenture.

"Completion Certificate" means a certificate submitted by the Borrower Representative to the Issuer and the Trustee as provided in the Loan Agreement, a form of which is attached to the Loan Agreement as an exhibit.

"Completion Date" means the date upon which the Completion Certificate and the Certificate of Occupancy are delivered by the Borrower to the Issuer and the Trustee.

"Conditions to Funding" has the meaning given to that term in the Forward Commitment Agreement.

"Construction Draw Schedule" means the schedule of the disbursement of the proceeds of the Bonds as provided in an exhibit attached to the Loan Agreement, as the same may be amended from time to time with the consent of the Mortgage Lender (to the extent consent is required by the Mortgage Loan Documents).

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated as of June 1, 2026, between the Borrower and the Dissemination Agent, as the same may be amended, restated, supplemented or modified from time to time.

"Costs" with respect to the Project shall be deemed to include all items permitted to be financed under the applicable provisions of the Code and the Act, subject to the provisions of the Indenture and of the Borrower Documents.

"Costs of Issuance" means all fees, costs and expenses payable or reimbursable directly or indirectly by the Issuer (including, without limitation, the Issuer Fee and any applicable fees of the Trustee) or the Borrower and related to the authorization, issuance and sale of the Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund created pursuant to the Indenture.

"Default" means any Default under the Loan Agreement as specified in and defined by the Indenture.

"Designated Office" of the Trustee, the Remarketing Agent or the Underwriter means, respectively, the designated corporate trust office of the Trustee at which its corporate trust business shall be administered or the office of the Remarketing Agent or the Underwriter at the respective Notice Address, or the designated corporate trust office of any successor Trustee, or at such other address as may be specified in writing by the Trustee, successor Trustee, the Remarketing Agent or the Underwriter, as applicable, from time to time, in accordance with the Indenture.

"Determination of Taxability" means a final decree or judgment of any federal court or a final action of the Internal Revenue Service determining that interest paid or payable on any Bond is or was includable in the gross income of a Holder of the Bonds for federal income tax purposes (other than any Holder who is a "substantial user" or "related person" to a "substantial user" within the meaning of Section 147(a) of the Code); provided, that no such decree, judgment, or action will be considered final for this purpose unless the Borrower has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Holder of a Bond, and until the conclusion of any appellate review, if sought.

"Dissemination Agent" means, initially [U.S. Bank Trust Company, National Association, a national banking association], or any dissemination agent subsequently appointed in accordance with the Continuing Disclosure Agreement.

"Documents" means and shall include (without limitation), with respect to the Bonds, the Indenture, the Loan Agreement, the Note, the Guarantor Indemnification, the Tax Regulatory Agreement, the Tax Certificate and any and all other documents which the Issuer, the Borrower or any other party or parties or their representatives, have executed and delivered, or may hereafter execute and deliver, to evidence or secure the Issuer's Obligations or the Borrower's Obligations, or any part thereof, or in connection therewith, and any and all Supplements thereto, but excluding the Mortgage Loan Documents.

"Eligible Funds" means, as of any date of determination, any of:

(a) the proceeds of the Bonds (including any additional amount paid to the Trustee as the purchase price thereof by the Underwriter);

(b) moneys drawn on a letter of credit;

(c) moneys received by the Trustee representing advances to the Borrower of proceeds of the Mortgage Loan;

(d) remarketing proceeds of the Bonds (including any additional amount paid to the Trustee as the purchase and or remarketing price thereof by the Remarketing Agent) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer or any Affiliate of either the Borrower or the Issuer);

(e) any other amounts, including the proceeds of any refunding bonds, for which the Trustee has received an Opinion of Counsel (which opinion may assume that no Holder or Beneficial Owner of Bonds is an "insider" within the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (B) payments of such amounts to Holders would not be avoidable as preferential payments under Section 547 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no Act of Bankruptcy has occurred during such period;

(g) proceeds of the Funding Loan received from Citibank to purchase the Governmental Lender Note on the Funding Date; and

(h) investment income derived from the investment of the money described in subsections (a) through (g) hereof.

"Eligible Investments" means, subject to the provisions of the Indenture, any of the following investments that mature (or are redeemable at the option of the Trustee without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms

of the Indenture, to the extent the same are at the time legal for investment of the funds held under the Indenture (written direction of the Issuer or the Borrower to invest funds shall be conclusive evidence that the directed investment is at the time a legal investment of the funds held under the Indenture):

(a) Governmental Obligations; and

(b) To the extent permitted in the Indenture, shares or units in any money market mutual fund rated "Aaa-mf" by Moody's (or the equivalent Highest Rating Category given by a Rating Agency for that general category of security) including mutual funds of the Trustee or its Affiliates or for which the Trustee or an Affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor that are registered under the Investment Company Act of 1940, as amended, whose investment portfolio consist solely of direct obligations of the government of the United States of America.

"Event of Default" or "Default" means, when used in the Indenture, those events of default or defaults specified therein and, when used in the Loan Agreement, those events of default or defaults specified therein.

"Expense Fund" means the Expense Fund created pursuant to the Indenture.

"Extension Payment" means the amount due, if any, in connection with the change or extension of the Mandatory Tender Date pursuant to the Indenture, and (a) which shall be determined by a Cash Flow Projection approved in writing by the Rating Agency and (b) must consist of Eligible Funds.

"Forward Commitment Agreement" means that certain Forward Commitment Agreement dated the Closing Date, between the Borrower and Citibank, pursuant to which Citibank has agreed, subject to satisfaction of the Conditions to Funding, to make the Funding Loan to the Issuer, the proceeds of which will be used by the Trustee to pay the purchase price of the Bonds which shall be exchanged for the Governmental Lender Note, as such commitment may be amended, modified or supplemented from time to time.

"Funding Date" means the date on which the Conditions to Funding are satisfied and Citibank makes the Funding Loan, which Funding Date shall occur, if at all, on the Initial Mandatory Tender Date or any subsequent Mandatory Tender Date.

"Funding Loan" means the loan from Citibank to the Issuer pursuant to the provisions of the Funding Loan Agreement.

"Funding Loan Agreement" means the Funding Loan Agreement attached as an appendix to the Indenture, which Funding Loan Agreement shall be executed, delivered and become effective on the Funding Date.

"Funding Loan Fund" means the Funding Loan Fund created in the Indenture.

"General Partner" means, collectively, (i) Bold Hillcrest LLC, a California limited liability company, as the managing general partner (the "Managing General Partner"), (ii) Hillcrest Hall AGP LLC, a California limited liability company, as the administrative general partner (the "Administrative General Partner"), (iii) E. Smith Hillcrest Hall LLC, a California limited liability company, as the co-administrative general partner, and/or (iv) any other Person that the partners of the Borrower, selected to be a General Partner of the Borrower.

"Governmental Authority" means any federal, State or local governmental or quasi-governmental entity, including, without limitation, any agency, department, commission, board, bureau, administration, service, or other instrumentality of any governmental entity.

"Governmental Lender Note" means the Housing Authority of the City of San Diego Limited Obligation Multifamily Housing Revenue Note (Hillcrest Hall) in such issue designation assigned to it on the Funding Date, to be executed and delivered pursuant to the Funding Loan Agreement.

"Governmental Obligations" means (a) noncallable, non-redeemable direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

"Guarantor" means, collectively, Castellan Holdings LLC, a Delaware limited liability company, and/or any other person or entity which may hereafter become a guarantor of any of the Borrower's obligations under the Loan.

"Guarantor Indemnification" means the Guarantor Indemnification, dated as of the Closing Date, made by the Guarantor in favor of the Issuer.

"Highest Rating Category" means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category, provided that such rating shall include but not be below "Aa1" or "Aa1"/"VMIG-1" if rated by Moody's or "A-1+" or "AA+" if rated by S&P.

"Indenture" means the Trust Indenture, dated as of June 1, 2026, by and between the Issuer and the Trustee, and any and all Supplements thereto.

"Independent" means any person not an employee or officer of the Borrower or its Affiliates.

"Initial Deposit" means Eligible Funds in the amount set forth in the Indenture.

"Initial Interest Rate" means ____%.

"Initial Mandatory Tender Date" means July 1, 2028*.

"Initial Remarketing Date" means the Initial Mandatory Tender Date, but only if (i) the conditions for remarketing the Bonds on such date as provided in the Indenture are satisfied, and (ii) the Initial Mandatory Tender Date is not the Funding Date.

"Interest Payment Date" means (a) January 1 and July 1 of each year beginning January 1, 2027*, and (b) each Mandatory Tender Date.

"Interest Rate" means the Initial Interest Rate to but not including the Initial Mandatory Tender Date, as applicable, and thereafter the applicable Remarketing Rate; provided, however, commencing on the Initial Mandatory Tender Date, or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds, the Interest Rate shall be established in accordance with the Indenture.

"Investor Limited Partner" means [RSEP Holding, LLC, a Delaware limited liability company], and its successors and assigns.

"Issuer" means the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the laws of the State, and any successor to its rights, duties and obligations.

"Issuer Documents" means the Loan Agreement, the Indenture, the Tax Regulatory Agreement, the Bond Purchase Agreement, the Tax Certificate and any and all documents, agreements or instruments executed by the Issuer in connection with the Loan.

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* Preliminary; subject to change.

"Issuer Fee" means the one-time, up-front fee to be paid to the Issuer on the Closing Date.

"Issuer Fees and Expenses" means (i) the Issuer Fee and (ii) any other fees, charges, costs, advances, indemnities and expenses (including attorneys' fees and expenses), whether out-of-pocket or internal, that may be incurred at any time by the Issuer under the Indenture or under or in connection with the Documents or the Bonds, or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit, or otherwise in connection with the Bonds or the Project, as set forth in the Tax Regulatory Agreement.

"Issuer Indemnified Party" or "Issuer Indemnified Parties" means the Issuer, and any past, present, and future directors, members, officers, agents, employees or attorneys of the Issuer, its successors and assigns.

"Issuer's Obligations" means the obligations of the Issuer under the Bonds, the Indenture, and the other Documents to which the Issuer is a party, subject in the entirety to the Indenture, to (a) pay the principal of and interest on the Bonds (including supplemental interest) solely and exclusively from the Trust Estate, when and as the same shall become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of prepayment or otherwise) and, (b) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Issuer is required, by the Bonds, the Indenture, or any of the other Documents, to perform and observe.

"Liabilities" means any and all causes of action (whether in contract, tort or otherwise), claims, actions, damages (including, but not limited to, consequential, indirect, special and punitive damages), demands, judgments, liabilities, losses, suits, fines, penalties, costs, taxes and expenses (including, without limitation, costs of investigation, attorney's fees and expenses, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) of every kind, character and nature whatsoever.

"Loan" means the loan by the Issuer to the Borrower in the principal amount of $18,200,000* evidenced by the Note, described in the Loan Agreement and made in connection with the issuance of the Bonds.

"Loan Agreement" means the Loan Agreement dated as of June 1, 2026, between the Issuer and the Borrower, and any and all Supplements thereto.

"Loan Payments" means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Note and the Loan Agreement.

"Local Time" means Eastern time (daylight or standard, as applicable).

"Mandatory Tender Date" means each date on which all Outstanding Bonds are subject to mandatory tender as set forth in the Indenture, including the Initial Mandatory Tender Date.

"Maturity Date" means January 1, 2060*.

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Remarketing Agent.

"Mortgage Lender" means Citibank, N.A., and any successors or assigns.

"Mortgage Loan" means the taxable construction loan to be made by the Mortgage Lender to the Borrower with respect to the Project, as described and provided for in the Mortgage Loan Documents.

"Mortgage Loan Documents" means the Mortgage Loan Security Instrument, the mortgage note, and all other documents required by the Mortgage Lender in connection with the Mortgage Loan.

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* Preliminary; subject to change.

"Mortgage Loan Security Instrument" means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Taxable), dated as of June 1, 2026, executed by the Borrower for the benefit of the Mortgage Lender, as beneficiary, securing the Mortgage Loan, as the same may be amended, supplemented or restated.

"Negative Arbitrage Account" means the Negative Arbitrage Account of the Bond Fund created in the Indenture.

"Note" means the Promissory Note, dated the Closing Date from the Borrower to the Issuer, in substantially the form attached as an exhibit to the Loan Agreement and any amendments, Supplements or modifications thereto, which Note has been assigned by the Issuer to the Trustee.

"Notice Address" means in respect of a party, the applicable notice address designated pursuant to the Indenture.

"Official Statement" means this Official Statement dated June __, 2026, relating to the Bonds.

"Opinion of Counsel" means an opinion from an attorney or firm of attorneys, acceptable to the addressee thereof, with experience in the matters to be covered in the opinion.

"Optional Call Date" means any date on or after January 1, 2028*.

"Outstanding," "outstanding" or "Bonds Outstanding" when used with respect to the Bonds means any Bonds theretofore authenticated and delivered under the Indenture, except:

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

(b) Bonds for the payment of which moneys or obligations shall have been irrevocably deposited with the Trustee in accordance with the Indenture;

(c) Bonds paid pursuant to the Indenture; or

(d) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture.

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Borrower, dated _____, as it may be amended in accordance with the Borrower Documents and the Mortgage Loan Documents.

"Permitted Encumbrances" means the Mortgage Loan Security Instrument, together with all other encumbrances that are "Permitted Encumbrances" within the meaning given such term in the Mortgage Loan Security Instrument.

"Person" shall include an individual, association, unincorporated organization, corporation, partnership, joint venture, or government or agency or political subdivision thereof.

"Project" means the multifamily rental housing project located in the City of San Diego, California, known or to be known as "Hillcrest Hall," which, upon completion, will contain approximately 98 affordable rental housing units (including one manager's unit) and which may include such ancillary uses as parking, community space, and other functionally related and subordinate uses. The Project also includes approximately 2,394 square feet of commercial retail space which will be subject to a master lease between the Borrower, as lessor, and an affiliate of the Administrative General Partner, as lessee, and not funded from the Bonds as Qualified Project Costs.

"Project Fund" means the Project Fund established pursuant to the Indenture.

"Qualified Project Costs" means any expenditures which (a) are incurred not more than 60 days prior to the date on which the Issuer first declared its "official intent" (within the meaning of Treasury Regulation Section 1.150-2) with respect to the Project (other than preliminary expenditures with respect to the Project in an amount not exceeding 20% of the aggregate principal amount of the Bonds); (b) are made exclusively to provide facilities and improvements that constitute part of a "qualified residential rental project" within the meaning of Section 142(d) of the Code; and (c) are properly chargeable to the Project's capital account under general federal income tax principles or that would be so chargeable with a proper election or but for a proper election by the Borrower to deduct such expenditure. However, "Qualified Project Costs" do not include (i) issuance costs of the Bonds (within the meaning of Section 147(g) of the Code) or (ii) any fee, charge or profit payable to the Borrower or a "related person" (within the meaning of Section 144(a)(3) of the Code) of the Borrower. As used in the Indenture, the term "preliminary expenditures" includes architectural, engineering, surveying, soil testing and similar costs that were incurred prior to the commencement of construction of the Project, but does not include land acquisition, site preparation and similar costs incident to commencement of construction of the Project.

"Rating Agency" means any national rating agency then maintaining a rating on the Bonds, and initially means Moody's.

"Rating Category" means one of the rating categories of the Rating Agency for the specific type and duration of the applicable Eligible Investment.

"Rebate Amount" means the amount, if any, which is to be paid to the United States of America pursuant to Section 148(f) of the Code and Section 4.06 hereof.

"Rebate Analyst" means a certified public accountant, financial analyst or attorney, or any firm of the foregoing, or a financial institution experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and selected by the Borrower and acceptable to the Issuer, the expense of which shall be borne by the Borrower, to calculate the Rebate Amount. The initial Rebate Analyst will be Tiber Hudson LLC.

"Rebate Fund" means the Rebate Fund established pursuant to the Indenture.

"Record Date" means the 15th day of the month preceding any Interest Payment Date or 45 days prior to any Mandatory Tender Date.

"Register" has the meaning set forth in the Indenture.

"Remarketing Agent" means Stifel, Nicolaus & Company, Incorporated or any successor as Remarketing Agent designated in accordance with the Indenture.

"Remarketing Agreement" means the Remarketing Agreement, dated as of June 1, 2026, by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

"Remarketing Date" means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to the Indenture for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

"Remarketing Period" means the period beginning on a Remarketing Date and ending on the earlier of (i) the last day of the term for which Bonds are remarketed pursuant to the Indenture, or (ii) the final Maturity Date of the Bonds.

"Remarketing Proceeds Account" means the Remarketing Proceeds Account of the Bond Fund established pursuant to the Indenture.

"Remarketing Rate" means the interest rate or rates established pursuant to the Indenture and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

"Requisition" means the written request to make a disbursement from the Project Fund in substantially the form attached as an appendix to the Indenture, submitted in the manner provided pursuant to the Indenture.

"Reserved Rights" means the rights of the Issuer set forth in the Indenture, the Loan Agreement and the other Issuer Documents to (a) inspect books and records, (b) give or receive notices, approvals, consents, requests, and other communications, (c) receive payment of its Issuer Fee, and payment or reimbursement for any other Issuer Fees and Expenses, (d) the benefit of all provisions providing the Issuer immunity from, and limitation of, liability, (e) indemnification from liability by the Borrower and Guarantor (including under the Guarantor Indemnification) and (f) security for the Borrower's and Guarantor's indemnification obligation.

"Revenues" means (a) the Loan Payments, (b) the Eligible Funds received by the Trustee for deposit into the Collateral Fund, (c) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (d) any money and investments in the Special Funds, and (e) all income and profit from the investment of the foregoing moneys. The term "Revenues" does not include any money or investments in the Rebate Fund, the Costs of Issuance Fund (but only to the extent such moneys are not proceeds of the Bonds), or the Expense Fund, amounts paid as fees, reimbursement for expenses or for indemnification of the Issuer and the Trustee, or amounts paid to or collected by the Issuer in connection with any Reserved Rights.

"Securities Depository" means The Depository Trust Company, its successors and assigns, or any other securities depository for the Bonds designated by the Issuer or the Borrower to the Trustee in writing.

"Special Funds" means, collectively, the Bond Fund, the Collateral Fund, the Project Fund and any accounts therein, all as established pursuant to the Indenture.

"State" means the State of California.

"Supplement" or "Supplements" means any and all extensions, renewals, modifications, amendments, supplements and substitutions.

"Tax Certificate" means, collectively, the Certificate as to Arbitrage, dated the Closing Date, between the Issuer and the Borrower, and the Certificate Regarding Use of Proceeds, dated the Closing date, executed by the Borrower.

"Tax Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of June 1, 2026, by and among the Issuer, the Trustee and the Borrower relating to the Bonds, and any and all modifications thereof, amendments and Supplements thereto and substitutions therefor.

"Title Company" means First American Title Insurance Company, through its authorized agent, Newmark Title Services, LLC.

"Trust Estate" means the property rights, money, securities and other amounts pledged and assigned to the Trustee under the Indenture pursuant to the Granting Clauses of the Indenture, as described under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – General" herein.

"Trustee" means [U.S. Bank Trust Company, National Association, a national banking association], organized and existing under the laws of the United States and authorized to conduct business in the State, and its successor or successors in the trust created by the Indenture.

"Trustee's Fee" means, initially, $4,000 per year, subject to adjustment in accordance with the Trustee's fee schedule.

"Undelivered Bond" means any Bond that is required under the Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date but that has not been received on the date such Bond is required to be so delivered.

"Underwriter" means Stifel, Nicolaus & Company, Incorporated.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

The following is a brief summary of certain provisions of the Indenture. The following summary does not purport to be complete or definitive and is subject to all the terms and provisions of the Indenture, to which reference is hereby made and copies of which are available from the Issuer or the Trustee. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

Governmental Lender Note; Exchange for Bonds

If the Conditions to Funding have been satisfied on the Initial Mandatory Tender Date, or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds, the Funding Date shall occur and, on such Funding Date, (i) the Bonds shall be subject to mandatory tender in accordance with the Indenture, (ii) the purchase price of the Bonds shall be paid by the Trustee with the proceeds received from Citibank to purchase the Governmental Lender Note on deposit in the Funding Loan Fund, (iii) the Funding Loan Agreement in substantially the form attached to the Indenture as an appendix and the Borrower Loan Agreement in substantially the form attached to the Indenture as an appendix shall be delivered by the respective parties and become effective and shall supersede the Indenture and the Loan Agreement, respectively, (iv) the Bonds shall be removed from the Book-Entry System and exchanged for a physical Governmental Lender Note (in the form attached as Exhibit A to the Funding Loan Agreement) which shall be purchased by Citibank, and (v) the proceeds of the Funding Loan received by the Trustee on behalf of the Issuer from Citibank to purchase the Governmental Lender Note, which shall be in an aggregate principal amount equal to the principal amount of the then-Outstanding Bonds for which it is exchanged, shall be delivered to the Trustee for deposit in the Funding Loan Fund, and (vi) a portion of the Mortgage Loan in an amount equal to the Outstanding principal amount of the Bonds shall be repaid with amounts on deposit in the Collateral Fund.

The Issuer, subject to the provisions of the Indenture, as governmental lender agrees to execute and deliver the Funding Loan Agreement, the Governmental Lender Note and the Borrower Loan Agreement and any other Funding Loan Documents (as defined in the Funding Loan Agreement) to be executed in connection with Citibank's purchase of the Governmental Lender Note which shall be exchanged for the Bonds in the aggregate principal amount set forth in the Indenture on the Funding Date.

The Governmental Lender Note shall mature on the Maturity Date, subject to earlier prepayment as provided in the Funding Loan Agreement. The unpaid principal balance of the Governmental Lender Note shall be paid on the dates and in the amounts set forth in the Borrower Note (as defined in the Funding Loan Agreement).

The purchase of the Governmental Lender Note by Citibank shall be conditioned upon the satisfaction of the Conditions to Funding including the delivery of the items set forth in the Funding Loan Agreement.

Creation of Funds

The following trust funds are created by the Indenture by the Issuer and ordered established with the Trustee, to be maintained in the custody of the Trustee each as a separate bank account, to be used for the purposes as provided in the Indenture:

(a) Bond Fund. The Bond Fund, and within the Bond Fund, the "Negative Arbitrage Account" and the "Remarketing Proceeds Account".

(b) Project Fund. The Project Fund, which fund shall be administered in accordance with the provisions of the Indenture.

(c) Rebate Fund. The Rebate Fund, which fund shall be administered in accordance with the provisions of the Indenture. Moneys held in the Rebate Fund are not held for the benefit of the Owners and are not part of the Trust Estate.

(d) Costs of Issuance Fund. Moneys held in the Costs of Issuance Fund that are not proceeds of the Bonds are not held for the benefit of the Owners and are not part of the Trust Estate. Any moneys held in the Costs of Issuance Fund that are proceeds of the Bonds are held for the benefit of the Owners and are part of the Trust Estate.

(e) Collateral Fund. The Collateral Fund, which fund shall be administered in accordance with the provisions of the Indenture. Moneys held in the Collateral Fund are held for the benefit of the Owners and are part of the Trust Estate.

(f) Funding Loan Fund. The Funding Loan Fund shall be administered in accordance with the provisions of the Indenture. Moneys held in the Funding Loan Fund shall be used to purchase the Bonds upon the Funding Date when the Bonds will be exchanged for the Governmental Lender Note.

(g) Expense Fund. The Expense Fund, which fund shall be administered in accordance with the provisions of the Indenture. Moneys held in the Expense Fund are not held for the benefit of the Owners and are not part of the Trust Estate.

The Trustee may create one or more accounts or subaccounts within any fund authorized by the Indenture for the purpose of accounting for funds deposited into or held in each fund or for carrying out any of the requirements of the Indenture. The Trustee may transfer funds between accounts and subaccounts within any fund.

In the event certain moneys are deposited with the Trustee prior to the Closing Date, whether or not pursuant to one or more letters of instruction from the provider or providers of such moneys, such moneys shall be held by the Trustee subject to the terms and conditions of the Indenture, in addition to the terms of any such letter(s) of instruction. For such purpose, the standards of care, any provisions governing the responsibilities, protections and indemnification and other provisions relating to the Trustee contained in the Indenture and in the Loan Agreement (the "Effective Provisions") shall be effective as of the first date of receipt by the Trustee of such moneys. The Effective Provisions shall be deemed incorporated into any such letter(s) of instructions.

Deposits into and Use of Moneys in the Bond Fund

On the Closing Date, the Trustee shall deposit the Initial Deposit, if any, into the Negative Arbitrage Account of the Bond Fund; the Bond Fund and amounts on deposit in the Bond Fund are to be invested pursuant to the Indenture. Any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to the Indenture shall also be deposited into the Negative Arbitrage Account. The Trustee is authorized to release funds in the Negative Arbitrage Account to the Borrower upon receipt of a written instruction from the Borrower and an updated Cash Flow Projection.

Bond Service Charges shall be payable as they become due, (i) in the first instance from money on deposit in the Bond Fund (excluding the Negative Arbitrage Account therein), (ii) next from money on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) next from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (iv) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Except as otherwise provided in the Indenture, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds when due.

Collateral Fund; Project Fund

Upon receipt, the Trustee shall deposit into the Collateral Fund all Eligible Funds received pursuant to the Loan Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. The Loan Agreement requires the Borrower to cause Eligible Funds to be delivered to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee to pay Project Costs.

Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions of the Indenture.

The Trustee shall transfer money in the Collateral Fund as follows: (i) if such date is also the Funding Date, a portion of the Mortgage Loan in an amount equal to the Outstanding principal amount of the Bonds shall be repaid with amounts on deposit in the Collateral Fund (ii) if such date is not the Funding Date, on a Mandatory Tender Date, to the Bond Fund, the amount necessary to pay the purchase price of the Bonds, to the extent amounts on deposit in the Remarketing Proceeds Account and the Negative Arbitrage Account of the Bond Fund are insufficient therefor; and (iii) on any redemption date of the Bonds, to the Bond Fund the amount, together with amounts on deposit in the Bond Fund, necessary to pay the principal and interest due on the Bonds on such date.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Bond Fund and applied to the payment of the principal of any of the Bonds or the principal component of the redemption price of any of the Bonds, all as provided in the Indenture.

To the extent moneys are not otherwise provided to the Trustee to make the necessary interest and principal payments on each Interest Payment Date, including moneys deposited into the Bond Fund or the Collateral Fund, the Trustee shall, without further written direction, transfer from the Project Fund to the Bond Fund sufficient Eligible Funds to make such necessary interest and principal payments on each Interest Payment Date.

Upon receipt, the Trustee shall deposit the proceeds of the Bonds (including the principal of, and premium on, the Bonds) into the Project Fund. The Trustee shall cause to be kept and maintained adequate records pertaining to the Project Fund and all disbursements therefrom. If requested by the Issuer or the Borrower, after the Project has been completed and a Completion Certificate is filed by the Borrower as provided in the Indenture, the Trustee shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Issuer and the Borrower.

The Borrower expects that the Project will proceed substantially in accordance with the Construction Draw Schedule, except as otherwise approved by the Mortgage Lender. Each Requisition submitted to the Trustee shall evidence and request disbursements from the Project Fund and/or the Costs of Issuance Fund.

Notwithstanding any other provision of the Indenture to the contrary, after the Closing Date the Trustee shall not disburse moneys from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until the Trustee receives satisfactory evidence that Eligible Funds in an amount equal to or greater than the requested disbursement amount (the "Collateral Deposit") has been deposited in the Collateral Fund. Prior to making any disbursement, the Trustee shall verify that upon making the disbursement, the aggregate amount to be held in (i) the Bond Fund, (ii) the Collateral Fund and (iii) the Project Fund, together with projected investment earnings thereon, will be sufficient to pay Bond Service Charges on the outstanding Bonds as and when they become due. In the event that, following receipt of the Collateral Deposit and Requisition, the Trustee determines that it cannot correspondingly disburse Bond proceeds from the Project Fund to or at the direction of the Borrower or the Mortgage Lender, the Trustee shall promptly notify the Borrower and the Mortgage Lender, as applicable, of the reason for such determination and shall, promptly upon the request of the Borrower or the Mortgage Lender, return the subject Collateral Deposit to the party that deposited such Collateral Deposit with the Trustee.

On the Closing Date, the Trustee shall transfer Bond proceeds in the amount described in the Closing Memorandum to the Trust Estate securing the Taxable Bonds, and no additional amounts shall be disbursed from the Project Fund except in accordance with this section.

The proceeds of the Bonds shall be allocated exclusively to pay costs that (i) are (A) capital expenditures (as defined in Section 1.150-1(a) of the Code's regulations) and (B) not made for the acquisition of existing property, to the extent prohibited in Section 142(d) of the Code; and (ii) shall be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located, so that each building and the land on which it is located will have been financed 25% or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Trustee nor the Issuer shall have any obligation to enforce this covenant nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower,

any other affiliate of the Borrower or the holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided, further, failure to comply with this representation, covenant and warranty shall not constitute a default or Event of Default under the Indenture.

Upon the occurrence and continuance of an Event of Default under the Indenture because of which the principal amount for the Bonds has been declared to be due and immediately payable under the Indenture, any moneys remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund for payment of Bond Service Charges.

Funding Loan Fund

On the Funding Date, the Trustee shall deposit into the Funding Loan Fund the proceeds of the Funding Loan received from Citibank to purchase the Governmental Lender Note on the Funding Date, which amount shall be used on the Funding Date to purchase the Bonds which shall be exchanged for the Governmental Lender Note.

Procedure for Making Disbursements from Project Fund

Upon the deposit of Eligible Funds into the Collateral Fund, as provided in the Indenture, the Trustee shall disburse the proceeds of the Bonds on deposit in the Project Fund on such date solely to pay the Costs of the Project and only upon receipt by the Trustee of (i) a signed Requisition in substantially the form attached as an appendix to the Indenture approved by the Mortgage Lender and (ii) certification by a Borrower Representative that at least 95% of the total Costs of the Project intended to be paid with such Bond proceeds are qualified costs pursuant to Section 142 of the Code, the Trustee shall disburse from the Project Fund Bond proceeds, in the amount set forth in the applicable Requisition, solely to pay Costs of the Project. To the extent money on deposit in the Project Fund is invested in Eligible Investments, the Trustee shall not sell or otherwise terminate such Eligible Investments prior to their stated maturity date and instead the Trustee is instructed by the Indenture to make the following allocations and exchanges, which allocations and exchanges shall occur prior to the disbursement of amounts on deposit in the Project Fund to pay Costs of the Project: (a) allocate all or a portion of the Eligible Investments in the Project Fund, in the amount specified in the request for disbursement, to the Collateral Fund, and (b) transfer to the Project Fund a like amount of Eligible Funds on deposit in the Collateral Fund to be disbursed in accordance with the Indenture. The Issuer shall have no involvement and/or discretion with respect to the review and approval of Requisitions or the disbursement of funds from the Project Fund.

The Trustee shall not disburse money from the Project Fund, other than to pay interest and principal on the Bonds as otherwise permitted under the Indenture, unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited into the Collateral Fund in accordance with the Indenture. In accordance with the Loan Agreement, and prior to making any disbursement from the Project Fund (except to make necessary interest and principal payments on the Bonds as otherwise permitted under the Indenture), the Trustee shall determine that the aggregate account balance in (a) the Collateral Fund and (b) the Project Fund (less the requested disbursement amount) is at least equal to the then-Outstanding principal amount of the Bonds.

Money in the Project Fund shall be disbursed in accordance with the provisions of the Loan Agreement and the Indenture. To the extent moneys are not otherwise provided to the Trustee to make the necessary interest and principal payments on each Interest Payment Date, including moneys deposited into the Bond Fund or the Collateral Fund, the Trustee shall, without further written direction, transfer from the Project Fund to the Bond Fund sufficient Eligible Funds to make such necessary interest and principal payments on each Interest Payment Date.

Notwithstanding anything contained in the Indenture or any of the Borrower Documents to the contrary: with respect to Eligible Funds funded by the Mortgage Lender for deposit into the Collateral Fund, the Trustee shall be irrevocably and unconditionally obligated to disburse an equal amount of funds from the Project Fund to either the Mortgage Lender, the Borrower or the Title Company pursuant to a Requisition as directed by the Mortgage Lender. Such disbursements shall be made pursuant to a Requisition and shall not be made more frequently than once per month.

Subject to the Trustee's obligation to return the Eligible Funds to the Mortgage Lender as set forth below, the Trustee and the Issuer shall not, in any event, be responsible or liable to any person for the disbursement of, or failure to disburse, moneys from the Project Fund or any part thereof, and no contractor, subcontractor or material or equipment supplier or their respective successors and assigns shall have any right or claim against the Trustee or the Issuer under the Indenture.

Notwithstanding anything contained in the Indenture or any of the Borrower Documents to the contrary, if for any reason the Trustee is not able to disburse a corresponding amount of Bond proceeds from the Project Fund to or at the direction of the Mortgage Lender, immediately following receipt of Eligible Funds from the Mortgage Lender, for deposit into the Collateral Fund, the Trustee shall promptly wire transfer such funds back to the Mortgage Lender, and not deposit the same into the Collateral Fund.

For purposes of complying with the requirements of this section, the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon the Requisition signed by the authorized officer of the Borrower. The Trustee shall not be bound to make an investigation into the facts or matters stated in any Requisition of the Borrower. The Trustee shall not be responsible for determining whether the funds on hand in the Project Fund are sufficient to complete the Project. The Trustee shall not be responsible to collect lien waivers.

Notwithstanding anything to the contrary in the Indenture or the Loan Agreement, no portion of the Bonds, the Governmental Lender Note, the Funding Loan, or the Loan shall be used to finance any "qualified facility" (as such term is defined in Section 48E(b)(3) of the Code) or any "energy storage technology" (as such term is defined in Section 48E(c)(2) of the Code) with respect to the Project.

Investment of Bond Fund, Project Fund, and Collateral Fund

Money in all funds or accounts including the Bond Fund, Project Fund, and Collateral Fund shall be invested and reinvested by the Trustee, and at all times held in Eligible Investments at the written direction (including facsimile transmission) of the Borrower (such written direction to specify the particular investment in Eligible Investments to be made), which must be in accordance with the investment provisions in the Indenture and in the Tax Certificate. In the absence of written direction of the Borrower, any moneys held under the Indenture shall be invested in (i) First American Money Market Funds, or if such fund is unavailable, (ii) investments described in paragraph (b) of the definition of Eligible Investments.

At no time shall the Borrower direct that (a) any funds constituting gross proceeds of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code or (b) any funds be held other than in Eligible Investments. The Issuer covenants and agrees not to take, or cause to be taken, any action or fail to take any action reasonably within its control with respect to the investment of monies under the Indenture that is inconsistent with the provisions of the Indenture and that would result in the Bonds becoming arbitrage bonds within the meaning of Code Section 148(a). The Issuer further covenants and agrees to comply with and take all actions required of it by the Tax Certificate and to continue to do so as specified in the Tax Certificate notwithstanding any satisfaction or discharge of the Indenture.

It is acknowledged and agreed that the Issuer shall have no discretion regarding the investment or reinvestment of funds pursuant to the Indenture.

Investments of money in the Bond Fund, the Project Fund and the Collateral Fund shall mature or be redeemable at the option of the Trustee at the times and in the amounts necessary to provide money to pay any amounts due on the Bonds as they become due on each Interest Payment Date or at stated maturity or on a Mandatory Tender Date. In addition, investment of money in the Project Fund shall mature or be redeemable at the option of the Trustee at the times and in the amounts as may be necessary to make anticipated payments from the Project Fund. Any investment in the Bond Fund, the Project Fund or the Collateral Fund that are not classified as Eligible Investments shall be invested in Governmental Obligations.

The Trustee shall sell or redeem investments credited to the Bond Fund to produce sufficient money applicable under the Indenture to and at times required for the purposes of paying any amounts due on the Bonds, and

shall do so without necessity for any order on behalf of the Issuer or the Borrower and without restriction by reason of any order. An investment made from money credited to an applicable fund or account shall constitute part of that respective fund or account. All investment earnings from amounts on deposit in the Project Fund and the Collateral Fund shall be credited to and become part of the Bond Fund. All gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Project Fund and the Collateral Fund shall be credited to and become part of the Bond Fund. Following the Closing Date, at the direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Eligible Investments upon receipt of a Cash Flow Projection.

Notwithstanding anything in the Indenture to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for the purpose of paying Bond Service Charges shall be held uninvested as cash and (ii) Bond proceeds and the Initial Deposit to the Negative Arbitrage Account, if any, shall be held uninvested as cash until the Trustee has purchased, sold or exchanged Eligible Investments.

Any investments may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association which is an affiliate or subsidiary of the Trustee; provided that all such investments must be Eligible Investments.

The Trustee shall not be liable for losses, fees, taxes or other charges in connection with any investments, reinvestments or liquidations made in compliance with the provisions of the Indenture.

If the Trustee is required to sell or otherwise dispose of any Eligible Investments prior to maturity at a price below par prior to the Initial Mandatory Tender Date, the Borrower shall, at the Borrower's expense, deliver to the Trustee (i) a Cash Flow Projection and (ii) Eligible Funds in the amount set forth in such Cash Flow Projection, if any.

Although each of the Issuer and the Borrower recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, each of the Issuer and the Borrower agrees that confirmations of Eligible Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. The Trustee may conclusively rely upon the Borrower's written instructions as to both the suitability and legality of the directed investments.

Investment of Rebate Fund

Any moneys held as part of the Rebate Fund, and not immediately required for the purposes of the Rebate Fund, shall be invested or reinvested by the Trustee, at the written direction (including facsimile transmission) of the Borrower Representative, in Governmental Obligations or in any money market or short-term investment fund investing in or consisting solely of and secured by Governmental Obligations, including any such fund maintained by the Trustee or an affiliate thereof having maturities consonant with the need for funds as estimated by the Borrower, such written direction shall specify the particular investment in Governmental Obligations, money market or short term investments in or consisting solely of and secured by Governmental Obligations to be made. All investment earnings, gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Rebate Fund shall be retained therein.

Discharge of Lien

If and when the Bonds secured by the Indenture shall become due and payable in accordance with their terms as provided in the Indenture, or otherwise, and the whole amount of the principal and the interest so due and payable upon all of the Bonds, together with all other amounts payable under the Indenture by the Issuer and all fees, costs and expenses of the Trustee and its counsel and the Issuer (including, without limitation, all fees, costs and expenses owed in connection with the Reserved Rights), shall be paid, or provision shall have been made for the payment of the same, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, upon written request of the Issuer (as directed by the Borrower) and subject to the provisions of the Indenture, the Trustee shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, any surplus in the Bond Fund and all balances remaining in any other

fund created under the Indenture and shall assign and transfer to the Borrower all other property then held by the Trustee under the Indenture and shall execute such documents as may be reasonably required by the Issuer.

If and when the Trustee shall hold sufficient moneys under the Indenture, as verified to the Trustee in writing by an independent public accounting firm of national reputation or other firm similarly experienced in performing such computations, to provide for payment of the whole amount of the principal and interest due and payable and thereafter to become due and payable upon all the Bonds, together with all other amounts (exclusive of amounts in the Rebate Fund or the Expense Fund) payable or which may thereafter become payable under the Indenture by the Issuer, notwithstanding that all the Bonds have not yet become due and payable and that consequently the right, title and interest of the Trustee in and to the Trust Estate shall not have ceased, terminated and become void pursuant to the foregoing provisions of this heading, the Trustee, on demand of the Issuer (which shall be requested by the Borrower) but subject to the provisions of the Indenture, shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, or to such person, body or authority as may be entitled to receive the same, any surplus in the Bond Fund in excess of the amount sufficient to pay the whole amount of the principal and interest due and payable and thereafter to become due and payable upon all Bonds together with all other amounts payable or which may thereafter become payable under the Indenture by the Issuer.

All Outstanding Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed above if (a) there shall have been deposited with the Trustee (as verified to the Trustee in writing by an independent public accounting firm of national reputation or other firm similarly experienced in performing such computations) either (i) moneys in an amount which shall be sufficient, or (ii) Governmental Obligations which are not subject to redemption prior to maturity, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal and interest due and to become due on such Bonds on the maturity date thereof, and (b) the Issuer (at the direction of the Borrower and subject to of the provisions of the Indenture) shall have given the Trustee, in form satisfactory to it irrevocable instructions to give, as soon as practicable, a notice to the Holders of such Bonds and the Rating Agency that the deposit required by subclause (a) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this heading and stating such maturity upon which moneys are to be available for the payment of the principal of and interest on such Bonds. The Borrower shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Governmental Obligations deposited pursuant to this section or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Bonds.

Neither the securities nor moneys deposited with the Trustee pursuant to this heading nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on such Bonds; provided that any cash received from such principal or interest payments on such securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested, as directed by the Borrower, in Governmental Obligations (including any short-term investment fund rated "Aaa-mf" or "MIG 1" by the Rating Agency and secured by and investing solely in Governmental Obligations) maturing at times and in amounts sufficient to pay when due the principal and interest to become due on such Bonds on and prior to such maturity dates thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Borrower, as received by the Trustee, free and clear of any trust, lien or pledge.

The release of the obligations of the Issuer under this heading shall be without prejudice to the right of the Trustee provided in the Indenture to be paid compensation for all services rendered by it under the Indenture and all its fees, expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on behalf of the Trustee in connection with the trust created by the Indenture and the performance of its powers and duties under the Indenture, and shall not affect the obligations of the Borrower to make the payments required by the Loan Agreement or the Note.

Events of Default and Acceleration

If any of the following events occur, it is defined by the Indenture as and declared to be and constitute an "Event of Default:"

(a) any interest on any Bond is not paid on the date on which the same becomes due; or

(b) any principal of any Bond is not paid on the date on which the same becomes due, whether at the stated maturity thereof, by acceleration or otherwise; or

(c) an Event of Default occurs under the Loan Agreement; or

(d) the Issuer fails to duly and promptly perform, comply with, or observe any covenant, condition, agreement or provision (other than as specified in (a) or (b) above) contained in the Bonds or in the Indenture on the part of the Issuer to be performed, and such failure shall continue for a period of 90 days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Issuer, the Borrower and the Investor Limited Partner by the Trustee, which notice may be given by the Trustee and shall be given at the written request of the Holders of not less than 100% in principal amount of the Bonds then Outstanding; provided, however, that if such default be such that it is correctable but cannot be corrected within 90 days, it shall not be an Event of Default if the Issuer, the Borrower or the Investor Limited Partner is taking appropriate corrective action to cure such failure and if such failure will not impair the security for the Loan or the Bonds.

If any Loan payment required under the Loan Agreement to avoid a default under (a) or (b) above shall not have been received at the close of business on the last Business Day preceding the day on which payment must be made to avoid a default under such (a) or (b), the Trustee shall use its best efforts to give telephonic notice of such default to the Borrower and the Investor Limited Partner, which telephonic notice shall be confirmed by written notice to the Borrower. If any other default shall occur under the provisions of this Section, the Trustee shall, within five days after having actual knowledge of such default, use its best efforts to give written notice of such default to the Issuer, the Borrower, the Investor Limited Partner and the Holders of the Bonds. A default or an Event of Default specified in (a) through (d) above shall occur even though the Trustee fails to give the notice required by this paragraph, the giving of such notice being intended solely to aid in the enforcement of the rights of Bondholders and not in limitation of such rights and the Trustee incurring no liability for failure or defect in giving such notice.

If an Event of Default specified in (a) or (b) above shall occur and be continuing for 30 days, the Trustee shall declare the principal of all Bonds then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer, the Investor Limited Partner and the Borrower, and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in the Indenture or in the Bonds to the contrary notwithstanding.

If an Event of Default specified in (c) or (d) above shall occur and be continuing, the Trustee, upon written request of the Holders of a majority in principal amount of the Bonds then Outstanding shall declare the principal of all Bonds then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer, the Investor Limited Partner and the Borrower, and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in the Indenture or in the Bonds to the contrary notwithstanding.

The Investor Limited Partner shall be entitled, but is under no obligation, to cure any Event of Default under the Indenture within the time frame provided to the Borrower or such longer periods as specified in the Indenture. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Remedies in Addition to Acceleration

Upon the occurrence of, and during the continuance of, any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the Holders of not less than 51% in principal amount of the Bonds then Outstanding and receipt of satisfactory indemnity shall (in addition to its right or duty to accelerate as provided in the Indenture):

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Issuer or the Borrower to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act and the Documents, provided, however, that any claim against the Issuer shall be strictly limited to the Trust Estate;

(b) bring suit upon the Bonds; or

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

Termination of Proceedings

In case any proceeding taken by the Trustee on account of any default or Event of Default shall have been discontinued or abandoned for any reason, the default or Event of Default has been cured, or shall have been determined adversely to the Trustee, then and in every such case, the Issuer, the Trustee, the Bondholders, and the Borrower shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Right of Bondholders To Direct Proceedings

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Indenture, or any other remedy under the Indenture or on the Bonds, unless such Holder previously shall have given to the Trustee written notice of an Event of Default as provided in the Indenture and unless also the Holders of not less than 51% in principal amount of the Bonds then outstanding shall have made written request of the Trustee to do so, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture, or to institute such action, suit or proceeding in its or their name; and unless there also shall have been offered to the Trustee security and satisfactory indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, to be conditions precedent to the execution of the trusts of the Indenture or for any other remedy under the Indenture; it being understood and intended that no one or more Holders of the Bonds secured by the Indenture shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of the Indenture, or the rights of any other Holder, or to enforce any right under the Indenture or the Bonds, except in the manner provided in the Indenture and for the equal benefit of all Holders of Outstanding Bonds. For purposes of the foregoing sentence, the Trustee shall be deemed to have failed to act within a reasonable time if it fails to take action within 60 days after receipt of notice and compliance with the foregoing terms and conditions, whereupon, the Holders of 51% aggregate principal amount of the Bonds may take such action in the place of the Trustee. Nothing contained in the Indenture shall, however, affect or impair the right of any Holder of Bonds to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest (solely from the Trust Estate), on each of the Bonds issued under the Indenture to the respective Holders of the Bonds at the time, place, from the source and in the manner in the Indenture and in such Bonds expressed.

Remedies Vested in Trustee

All rights of action under the Indenture or under any of the Bonds secured by the Indenture which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall

be brought in its name for the equal and ratable benefit of the Holders of the Bonds, subject to the provisions of the Indenture.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of the fees, costs and expenses of the proceedings resulting in the collection of such moneys and of the accrued fees, expenses, disbursements and advances incurred or made by the Trustee, and then to the accrued Issuer Fees and Expenses or other amounts due and owing to the Issuer or the Issuer Indemnified Parties (including, without limitation, any amounts owed in connection with the Reserved Rights and indemnification due to the Issuer and the Issuer Indemnified Parties in accordance with the Loan Agreement), be deposited in the Bond Fund and all moneys so deposited in the Bond Fund during the continuance of an Event of Default (other than moneys for the payment of Bonds which have matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default, which moneys shall continue to be held for such payments) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become, or shall have been declared due and payable, all such moneys shall be applied:

First — To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the direct order of the maturity of the installments of such interest and, if the amounts available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

Second — To the payment to the persons entitled thereto of the unpaid principal, on any of the Bonds, which shall have become due (other than Bonds which have matured or otherwise become payable prior to such Event of Default and moneys for the payment of which are held in the Bond Fund or otherwise held by the Trustee), and if the amount available shall not be sufficient to pay in full the amount of principal, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege;

Third — To the payment to the persons entitled thereto of all other of the Issuer's Obligations and the Borrower's Obligations, and, if the amount available shall not be sufficient to pay such Borrower's Obligations in full, then to the payment ratably, according to the amounts then due, to the persons entitled thereto without discrimination or privilege; and

Fourth — The remainder, if any, shall be paid over to the Borrower, its successors or assigns, or whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal of and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest to the persons entitled thereto without any discrimination or privilege. Any remaining funds shall be applied in accordance with the paragraphs designated "Third" and "Fourth" of subsection (a) above.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts or principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem

appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Amendments to Indenture and Loan Agreement Not Requiring Consent of Bondholders

The Issuer and the Trustee may, from time to time and at any time, without the consent of Bondholders, enter into agreements supplemental to the Indenture and the Loan Agreement as follows:

(i) to specify and determine any matters and things relative to Bonds which shall not materially adversely affect the interest of the Bondholders;

(ii) to cure any formal defect, omission or ambiguity in the Indenture or the Loan Agreement if such action does not materially adversely affect the rights of the Bondholders;

(iii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(iv) to add to the covenants and agreements of the Issuer in the Indenture or the Loan Agreement other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Indenture or the Loan Agreement as theretofore in effect;

(v) to add to the limitations and restrictions in the Indenture or the Loan Agreement, other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture or the Loan Agreement as theretofore in effect;

(vi) to confirm, as further assurance, any pledge under and the subjection to any claim, lien or pledge created, or to be created by, the Indenture, of the Revenues or of any other moneys, securities or funds; or

(vii) to modify, amend or supplement the Indenture or the Loan Agreement in any respect which, in the judgment of the Trustee, is not materially adverse to the interests of the owners of the Bonds.

Before the Issuer shall enter into any agreement supplemental to the Indenture pursuant to this section, there shall have been filed with the Trustee an opinion of Bond Counsel stating that (1) such supplemental indenture is authorized or permitted by the Indenture and complies with its terms, and that upon adoption it will be the legal, valid and binding obligation of the Issuer in accordance with its terms and (2) the effectiveness of the supplemental indenture will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Trustee shall send written notice to the Borrower, the Investor Limited Partner and the Rating Agency of any amendment to the Indenture or the Loan Agreement and, if requested, copies of any such amendments.

Amendments to Indenture Requiring Consent of Bondholders

Subject to the terms and provisions contained in this section and not otherwise, the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the execution and delivery by the Issuer and the Trustee of any agreement supplemental to the Indenture as shall be deemed necessary or desirable by the Issuer and the Trustee for the purposes of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in the Indenture; provided, however, that, unless approved in writing by the Holders of all of the Bonds then Outstanding, nothing in the Indenture contained shall permit, or be construed as permitting, (i) a change in the terms of maturity of the principal of or the interest on any Outstanding Bond, or a reduction in the principal amount of any Outstanding Bond or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge or assignment of, the Trust Estate ranking prior to or on a parity

with the claim, lien, assignment or pledge created by the Indenture, or the release of the Trust Estate or any part thereof (except to the extent permitted pursuant to the Documents), or (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for any action or consent by Bondholders set forth in the Indenture, including (without limitation) that required for consent to such supplemental indentures. This section shall not limit or otherwise affect the ability of the Issuer to enter into agreements supplemental to the Indenture without the consent of the Bondholders pursuant to the Indenture.

If at any time the Issuer and the Trustee shall determine to enter into any supplemental indenture for any of the purposes of this section, the Trustee shall cause written notice of the proposed supplemental indenture to be given to all Holders of the Bonds; provided, however, that failure to give such notice or any defect therein, shall not affect the validity of any proceedings pursuant to the Indenture. Such notice shall be prepared by the Borrower or its agent and shall briefly set forth the nature of the proposed supplemental indenture and shall state that a copy thereof is on file at the Designated Office for inspection by all Bondholders.

Within 120 days after the date of giving such notice, the Issuer and the Trustee may enter into such supplemental indenture in substantially the form described in such notice only if there shall have first been filed with the Issuer (i) the written consents of Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding (or 100% if required under the Indenture) and (ii) an Opinion of Counsel stating that (1) such supplemental indenture is authorized or permitted by the Indenture and complies with its terms, and that upon adoption it will be the legal, valid and binding obligation of the Issuer in accordance with its terms and (2) the effectiveness of the supplemental indenture will not adversely affect the exclusion of interest on the Bonds from gross income for federal income taxes.

If the Holders of not less than the percentage of Bonds required by this section shall have consented to and approved the supplemental indenture as provided in the Indenture, no Holder of any Bond shall have any right to object to such supplemental indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety thereof, or to enjoin or restrain the Issuer or the Trustee from entering into the same or from taking any action pursuant to the provisions thereof.

Upon the effectiveness of any supplemental indenture entered into pursuant to the provisions of this section, the Indenture shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Issuer, the Trustee and all Holders of Bonds then outstanding shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modifications and amendments.

The Trustee shall send written notice to the Rating Agency of any amendment to the Indenture. The Trustee shall incur no liability for failure to give any such notice.

Supplemental Indentures Part of Indenture

Any supplemental indenture entered into in accordance with the provisions of the Indenture shall thereafter form a part of the Indenture and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be and shall be deemed to be a part of the terms and conditions of the Indenture for any and all such purposes.

Amendments to Documents Requiring Consent of Bondholders

Except as provided in the Indenture, the Issuer and the Trustee shall not consent to any amendment, change or modification of the Documents without the giving of written notice and the written approval or consent of the Holders of the Bonds at the time Outstanding, given and procured as provided in the Indenture; provided, however, no such separate approval or consent shall be required in connection with the issuance of refunding bonds if any required consent of the required number of Holders to the issuance thereof shall have been previously obtained. If at any time the Issuer and the Borrower shall request in writing the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change, or modification to be given in the same manner as provided by the Indenture with respect to supplemental indentures.

Such notice shall be prepared by the Borrower or its agent and shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Designated Office for inspection by all Bondholders.

Amendment, Restatement, and Supersession

On the Funding Date, and upon the execution and delivery of the Funding Loan Agreement, the Borrower Loan Agreement and the Governmental Lender Note, the Indenture, the Loan Agreement and the Bonds shall be deemed amended, restated and superseded in full by the terms thereof. Certain requirements of the Indenture shall not apply to such amendment and restatement.

Severability

In case any one or more of the provisions of the Indenture or of the Bonds for any reason, is held to be illegal or invalid such illegality or invalidity shall not affect any other provisions of the Indenture or the Bonds, and the Indenture and the Bonds shall be construed and enforced to the end that the transactions contemplated by the Indenture be effected and the obligations contemplated by the Indenture be enforced as if such illegal or invalid provisions had not been contained therein.

Mortgage Loan Documents Independent

Enforcement of the covenants in the Indenture will not result in, and neither the Issuer nor the Trustee has or shall be entitled to assert, any claim against the Borrower, the Project, the Mortgage Loan proceeds, any reserves or deposits required by the Mortgage Lender in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Project.

Failure of the Issuer or the Borrower to comply with any of the covenants set forth in the Indenture or any of the Borrower Documents will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

Notwithstanding anything in the Indenture, the Loan Agreement, the Note or the Bond Purchase Agreement to the contrary, (i) the Mortgaged Property (as defined in the Mortgage Loan Security Instrument) shall not include any portion of the Trust Estate and the Mortgage Lender shall not have any claim to or lien upon the Trust Estate under the Indenture and funds held by the Trustee under the Indenture and pledged to secure the repayment of the Bonds, except for Eligible Funds that may be returned to the party that deposited said funds with the Trustee as may be required under the Indenture and (ii) the Trust Estate shall not include any portion of the Mortgaged Property (as defined in the Mortgage Loan Security Instrument).

Recycling Transactions

Notwithstanding any provisions of the Indenture or the Bonds to the contrary, the Issuer shall be permitted to direct that payments representing prepayments or repayments of principal on the Note be delivered to a custodian or trustee selected by the Issuer, in lieu of application to repay a like portion of the Bonds, so long as the Issuer simultaneously causes other funds to be applied to repay such portion of the Bonds. 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 connection with such recycling and Bond prepayment, if so directed in a written direction of the Issuer provided to the Trustee prior to any prepayment date, the Trustee is authorized and directed to receive any such Bond prepayment or amounts corresponding thereto and to hold such amounts, uninvested, for such period of time and to transfer such amounts to the Issuer, or to such custodian, fiscal agent or trustee designed by the Issuer and specified in such written direction. For purposes of effectuating the foregoing, the Trustee is authorized and directed to open and create such funds or accounts, which may be temporary in nature, as may be necessary or desirable, and to close such funds or accounts following the completion of the transfers set forth in such written direction.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Loan Agreement, a copy of which is on file with the Trustee. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture and the Loan Agreement.

Disbursements from the Project Fund

In the Indenture, the Issuer has authorized and directed the Trustee to make disbursements from the Project Fund to pay Costs of the Project upon satisfaction of the requirements of the Indenture. The Trustee is directed in the Indenture to make disbursements from the Project Fund as provided in the Indenture, and pursuant to the receipt of a Requisition, approved by the Mortgage Lender, in substantially the form attached to the Indenture as an appendix.

The Borrower's right to request disbursements from the Project Fund is limited to the principal amount of the Loan and conditioned upon the deposit of Eligible Funds into the Collateral Fund as set forth in the Indenture.

Borrower Required to Pay in the Event Project Fund Is Insufficient

In the event the moneys in the Project Fund are not sufficient to pay the Costs of the Project in full, the Borrower agrees to complete the Project and to pay that portion of the Costs of the Project in excess of the moneys available therefor in the Project Fund. The Issuer does not make any warranty, either express or implied, that the moneys paid into the Project Fund and available for payment of the Costs of the Project will be sufficient to pay all of the Costs of the Project. The Borrower agrees that if after exhaustion of the moneys in the Project Fund, the Borrower shall pay any portion of the Costs of the Project pursuant to the provisions of this section, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds, nor shall the Borrower be entitled to any diminution of the amounts payable under the Loan Agreement.

Loan of Proceeds

The Issuer agrees, upon the terms and conditions of the Loan Agreement and the Indenture, to lend to the Borrower the proceeds received by the Issuer from the sale of the Bonds. Such proceeds shall be disbursed to or on behalf of the Borrower as provided in the Loan Agreement.

Mortgage Loan to Borrower; Eligible Funds

Contemporaneously with the issuance of the Bonds, it is expected that the Borrower shall proceed with obtaining the Mortgage Loan from the Mortgage Lender. In particular, the Borrower will promptly take all necessary actions on its part to close the Mortgage Loan.

In consideration of and as a condition to the disbursement of Bond proceeds in the Project Fund to pay Project Costs, and to secure the Borrower's obligation to make Loan Payments, the Borrower shall cause the Mortgage Lender, from time to time, to deliver Eligible Funds to the Trustee for deposit into the Collateral Fund to enable the Trustee to disburse an equal amount of Bond proceeds from the Project Fund, as approved by the Mortgage Lender in connection with a completed and fully executed Requisition, in substantially the form attached to the Indenture as an appendix.

Borrower's Obligations Upon Tender of Bonds

If any tendered Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Collateral Fund, the Negative Arbitrage Account of the Bond Fund, or the Project Fund as provided in the Indenture for the purpose of paying the purchase price of such Bond, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount equal to the amount by which the principal

amount of all Bonds tendered and not remarketed, together with interest accrued to the Mandatory Tender Date, exceeds the amount otherwise available pursuant to the Indenture.

Defaults Defined

The following shall be "Defaults" under the Loan Agreement and the term "Default" shall mean, whenever it is used in the Loan Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay any amount required to be paid under the Loan Agreement when due.

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Loan Agreement other than as referred to in subsection (a) above or failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Tax Certificate, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Borrower and the Investor Limited Partner by the Issuer or the Trustee; provided, with respect to any such failure covered by this subsection (b), no event of default will be deemed to have occurred so long as a course of action adequate to remedy such failure will have been commenced within such 60-day period and will thereafter be diligently prosecuted to completion and the failure will be remedied thereby.

(c) The dissolution or liquidation of the Borrower, or the voluntary initiation by the Borrower of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower of any such proceeding which shall remain undismissed for 90 days, or failure by the Borrower to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Borrower to carry on its operations at the Project, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower into an agreement of composition with its creditors or the failure generally by the Borrower to pay its debts as they become due.

(d) The occurrence of an Event of Default under the Indenture (other than under clause (d) under the heading "APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE — Events of Default and Acceleration").

(e) Any Guarantor for any reason contests, repudiates or purports to revoke the Guarantor Indemnification, or the Guarantor Indemnification at any time and for any reason ceases to be in full force and effect.

The provisions of subsection (b) above are subject to the following limitation: if by reason of force majeure it is impossible for the Borrower in whole or in part, despite its best efforts, to carry out any of its agreements contained in the Loan Agreement (other than its obligations relating to the Loan as set forth in the Loan Agreement), the Borrower shall not be deemed in Default during the continuance of such inability. Such force majeure event does not affect any obligations of the Borrower other than the timing of performance of such obligations. The term "force majeure" as used in the Loan Agreement shall mean, without limitation, the following: acts of God; strikes or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or of any of their departments, agencies or officials, or of any civil or military authority; insurrections; riots; terrorism; landslides; earthquakes; fires; storms; droughts; floods; explosions; and events not reasonably within the control of the Borrower. The Borrower agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing the Borrower from carrying out its agreement. The settlement of strikes and other industrial disturbances shall be entirely within the discretion of the Borrower and the Borrower shall not be required to settle strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Borrower unfavorable to the Borrower.

Remedies on Default

Whenever any Default referred to under the section "Defaults Defined" above shall have happened and be continuing beyond the expiration of any applicable cure period, the Trustee, or the Issuer (in the event the Trustee fails to act), may take one or any combination of the following remedial steps:

(a) If the Trustee has declared the Bonds immediately due and payable pursuant to the Indenture, by written notice to the Borrower, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(b) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Loan Agreement, the Note, the Tax Regulatory Agreement or any other Document in the event of default thereunder.

Any amounts collected pursuant to action taken under this section (other than sums collected for the Issuer on account of the Reserved Rights, which sums shall be paid directly to the Expense Fund (for further remittance to the Issuer), to the Issuer, or the applicable Issuer Indemnified Party, as applicable) shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Whenever any Default has occurred and is continuing, the Trustee may, but except as otherwise provided in the Indenture shall not be obligated to, exercise any or all of the rights of the Issuer under Article VII of the Loan Agreement, upon notice as required to the Issuer. In addition, the Trustee shall have available to it all of the remedies prescribed by the Indenture. If the Trustee is not enforcing the Issuer's rights in a manner to protect the Issuer or is otherwise taking action that brings adverse consequences to the Issuer, then the Issuer may, without the consent of the Trustee, take whatever action at law or in equity may appear necessary or appropriate to enforce the Reserved Rights and to collect all sums then due and thereafter to become due to the Issuer under the Loan Agreement.

No Remedy Exclusive

Except as otherwise indicated in the Indenture, no remedy conferred upon or reserved to the Issuer or the Trustee by the Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Loan Agreement, the Tax Regulatory Agreement or the Note, or now or thereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power nor shall it be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in the Loan Agreement, it shall not be necessary to give any notice, other than such notice as may be required in the Loan Agreement. Such rights and remedies as are given the Issuer under the Loan Agreement shall also extend to the Trustee, and the Trustee and the Holders of the Bonds, subject to the provisions of the Indenture, including, but not limited to the Reserved Rights, shall be entitled to the benefit of all covenants and agreements contained in the Loan Agreement.

No Additional Waiver Implied by One Waiver

In the event any agreement contained in the Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Loan Agreement.

Mortgage Loan Documents Independent

Failure of the Issuer or the Borrower to comply with any of the covenants set forth in the Loan Agreement, the Indenture or the other Borrower Documents will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

To the extent not otherwise set forth above, the provisions of the Indenture described under the heading "APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE — Mortgage Loan Documents Independent" are incorporated in the Loan Agreement by reference to the same extent as if set forth in the Loan Agreement in full.

Notice to CDLAC and Issuer of Prepayment

The Borrower agrees to provide at least 30 days prior written notice to the California Debt Limit Allocation Committee and the Issuer of any prepayment of the Loan, which may be given to such parties at their respective notice addresses set forth in the Tax Regulatory Agreement and the Indenture, or by mutually acceptable electronic means, for the purpose of facilitating recycling of volume cap as described in the Indenture. Any defect in such notice shall not constitute a default under the Loan Agreement, under the other Borrower Loan Documents or the Tax Regulatory Agreement.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT

The following is a brief summary of the Regulatory Agreement and Declaration of Restrictive Covenants (the "Tax Regulatory Agreement"). The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Tax Regulatory Agreement, a copy of which is on file with the Trustee. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture and the Tax Regulatory Agreement.

Definitions and Interpretation

"Adjusted Income" means the adjusted income of all persons who intend to reside in one residential unit, calculated in the manner determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code.

"Affiliate" means (1) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (2) a Person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (3) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (4) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

"Area" means the San Diego County, California, Primary Metropolitan Statistical Area.

"Authority Fee" means (i) the administrative fee of the Authority payable on the Closing Date in the amount of 0.25% of the initial principal amount of the Bonds (i.e., $[_____]) and payable every 12 months, commencing June 1, 2027, in an amount equal to (A) prior to the Conversion Date, 0.125% of the original principal amount of the Bonds, and (B) following the Conversion Date, 0.125% of the principal amount of the Bonds outstanding on the Conversion Date, provided, however, that the ongoing administrative fee shall in no event be less than $10,000.00 or more than $62,500.00, and (ii) an annual occupancy monitoring fee, separately from, and in addition to, the annual ongoing administrative fee referred to in clause (i) of this definition, to the San Diego Housing Commission (the "Commission"), for the total number of units monitored by the Commission. The annual occupancy monitoring fee described in clause (ii) of this definition is subject to annual adjustment. The Borrower agrees to pay the Commission, an initial occupancy monitoring fee in the amount set forth in schedules promulgated by Commission from time to time.

"Bonds" has the meaning given to it in the recitals to the Tax Regulatory Agreement.

"Borrower's Cost Certificate" means the Certificate Regarding Use of Proceeds, dated as of the Closing Date, with respect to certain Project Costs, executed by the Borrower delivered to the Authority by the Borrower.

"CDLAC" has the meaning given to it in the recitals to the Tax Regulatory Agreement.

"CDLAC Resolution" means Resolution No. 25-214 adopted by CDLAC on August 5, 2025, and revised on September 5, 2025, awarding an allocation of $18,200,000* to the Project, as such resolution may be further modified or amended from time to time.

"Certificate of Continuing Program Compliance" means the certificate with respect to the Project to be filed by the Borrower with the Authority, which shall be substantially in the form attached as an appendix to the Tax Regulatory Agreement.

"Closing Date" has the meaning given to the term "Delivery Date" in the Indenture.

"Code" has the meaning given to it in the recitals to the Tax Regulatory Agreement.

"Event of Default" has the meaning given to it in the Tax Regulatory Agreement.

"Income Certification" means the Income Computation and Certification Form in substantially the form attached as an appendix to the Tax Regulatory Agreement.

"Indenture" has the meaning given to it in the recitals to the Tax Regulatory Agreement.

"Inducement Date" means June 21, 2024, with respect to the Authority's declaration of intent to issue tax-exempt multifamily housing revenue bonds in an aggregate principal amount not to exceed $40,000,000 in connection with the Project.

"Investor Limited Partner" means [RSEP Holding, LLC, a Delaware limited liability company], or its successors and assigns.

"Loan" has the meaning given to it in the recitals to the Tax Regulatory Agreement.

"Loan Agreement" has the meaning given to it in the recitals to the Tax Regulatory Agreement.

"Low Income Tenants" means individuals or families with an Adjusted Income that does not exceed 60% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) of the Code defines a student as an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"Low Income Units" means the dwelling units in the Project designated for occupancy by Low Income Tenants pursuant to clause (a) under "Low Income and Very Low Income Units," below.

"Median Income for the Area" means the median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of the Closing Date.

"Project" means the Project Facilities and the Project Site.

"Project Costs" mean to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction and equipping of the Project, whether paid or

incurred prior to or after the 60th day preceding the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel.

"Project Facilities" mean the buildings, structures and other improvements on the Project Site that are being financed with proceeds of the Bonds, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements, but excluding any commercial space and associated improvements, fixtures, machinery and equipment included therein.

"Project Site" means the parcel or parcels of real property described in an appendix attached to the Tax Regulatory Agreement and by this reference incorporated in the Tax Regulatory Agreement, and all rights and appurtenances thereunto appertaining.

"Qualified Project Costs" means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (within the meaning of the Code) (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate that are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Bonds, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of Regulations §1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of construction of the Project that do not exceed 20% of the aggregate issue price of the Bonds (as defined in Regulations §1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid).

"Qualified Project Period" means the period beginning on the first day on which at least 10% of the dwelling units in the Project are first occupied and ending on the later of (a) the date that is 55 years after the date on which 50% of the dwelling units in the Project are occupied, (b) the first day on which no tax exempt bonds or notes with respect to the Project are outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

"Regulations" means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

"Tax-Exempt" means with respect to interest on any obligations of a state or local government, including the Tax-Exempt Bonds and the Governmental Lender Note, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise

includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

"Trustee" means [U.S. Bank Trust Company, National Association], or its successors and assigns.

"Very Low Income Tenants" means individuals or families with an Adjusted Income that does not exceed 50% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) of the Code defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"Very Low Income Units" means the dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to clause (j) under "Low Income and Very Low Income Units," below.

Residential Rental Property

The Borrower acknowledges and agrees that the Project will be owned, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of the Tax Regulatory Agreement, the Borrower represents, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, constructed and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park; provided that the use of

certain units for tenant guests on an intermittent non-compensated basis shall not be considered transient use for purposes of the Tax Regulatory Agreement.

(d) No part of the Project will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate, the Borrower has not and shall not take any steps in connection with a conversion of the Project to a condominium or cooperative ownership except with the prior written approving opinion of Bond Counsel that by reason of any such action the interest on the Tax-Exempt Bonds will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for the manager's units described in (g) below) will be available for rental on a continuous basis to members of the general public, and the Borrower has not and will not give preference to any particular class or group in renting the dwelling units in the Project, except (i) to the extent that dwelling units are required to be leased or rented to Low Income Tenants, Very Low Income Tenants, or holders of Section 8 of the United States Housing Act of 1937 certificates or vouchers, (ii) as otherwise required pursuant to any agreement entered into with the City, the County or any other public entity, or (iii) as otherwise may be lawfully required pursuant to any agreement entered into with the California Tax Credit Allocation Committee; provided that in no event shall the Borrower give any preference in violation of the Code.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in any building in the Project shall be occupied by the Borrower unless the building contains five or more dwelling units, in which case one unit may be occupied by the Borrower or by persons related to or affiliated with the Borrower such as a resident manager or maintenance personnel. Notwithstanding the foregoing limitation, up to a total of three units in the Project may be occupied by a resident manager or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the portion of the Loan funded by the Tax-Exempt Bonds and cause the Tax-Exempt Bonds to be prepaid or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, sexual preference, source of income (e.g. TANF, SSI), mental or physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(j) Following the expiration or termination of the Qualified Project Period, Low Income Units and Very Low Income Units shall remain available to the Low Income Tenants and Very Low Income Tenants, respectively, then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the rent determined pursuant to clauses (a) and (j) under "Low Income and Very Low Income Units," below, as applicable, until the earliest of any of the following occurs:

(i) The household's income exceeds 140% of the income at which such household would qualify as a Low Income Tenant or a Very Low Income Tenant.

(ii) The household voluntarily moves or is evicted for "good cause." For these purposes, "good cause" means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement that detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(iii) Fifty-five (55) years after the date on which 50% of the dwelling units in the Project are occupied.

(iv) The Borrower pays the relocation assistance and benefits to such Low Income Tenants or Very Low Income Tenants, as provided in Section 7264(b) of the Government Code of the State of California.

(k) The Authority may but shall not be required to monitor the Borrower's compliance with the provisions of subparagraph (j) above.

Low Income and Very Low Income Units

Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower represents, as of the date of the Tax Regulatory Agreement, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period, not less than 40% of the units in the Project shall be designated as Low Income Units and shall be continuously occupied by or held available for occupancy by Low Income Tenants at monthly rents that do not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area, as adjusted for household size utilizing the percentages set forth above under the definition of Low Income Tenant less a reasonable deduction for utilities paid by the tenant as determined by the Authority and assuming (solely for purposes of the above-described limit on the amount of monthly rent, and not for purposes of determining whether individuals or families are Low Income Tenants for purposes of Section 142(d) of the Code) the following unit sizes and household sizes (collectively, the "Assumed Unit and Household Sizes"):

Unit Size	**Household Size**
One-Bedroom	Two Persons
Two-Bedroom	Three Persons
Three-Bedroom	Four Persons

Such Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants and shall be distributed throughout the Project.

A unit occupied by a Low Income Tenant who, at the commencement of the occupancy, is a Low Income Tenant shall be treated as occupied by a Low Income Tenant until a recertification of such tenant's income in accordance with clause (c) under "Low Income and Very Low Income Units," below demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter such unit shall be treated as any residential unit of comparable or smaller size in the Project occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days.

(b) Immediately prior to a Low Income Tenant's occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Low Income Tenant in the Project. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Authority, the Act, Section 142(d) of the Code and the Regulations, as the same

may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or thereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a federal income tax return for the most recent tax year, (2) obtain a written verification of income and employment from the applicant's current employer, (3) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income satisfactory to the Authority or (4) such other information as may be reasonably requested by the Authority.

Copies of the most recent Income Certifications for Low Income Tenants shall be attached to the annual report to be filed with the Authority as required in (d) below.

(c) Immediately prior to the first anniversary date of the occupancy of a Low Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In lieu of obtaining such annual Income Certifications, the Borrower may, with respect to any particular twelve-month period ending July 1 of each year, deliver to the Authority no later than fifteen (15) days after such date, a certification that as of July 1, no residential unit in the Project was occupied within the preceding twelve (12) months by a new resident whose income exceeded the limit applicable to Low Income Tenants upon admission to the Project. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and, to the extent necessary to comply with the requirements under clause (a) above, the Borrower will rent the next available unit of comparable or smaller size to one or more Low Income Tenants.

(d) Upon commencement of the Qualified Project Period, and not less than annually thereafter during the term of the Tax Regulatory Agreement, the Borrower shall advise the Authority of the status of the occupancy of the Project by delivering to the Authority a Certificate of Continuing Program Compliance.

(e) The Borrower shall maintain complete and accurate records pertaining to the Low Income Units, and shall permit any duly authorized representative of the Authority, Department of the Treasury or Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Project continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Authority.

(g) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 of the United States Housing Act of 1937 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any additional fees or payments from a Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from a Section 8 of the United States Housing Act of 1937 certificate or voucher holder in excess of those allowed under the Section 8 of the United States Housing Act of 1937 Program. The Borrower shall not discriminate against applicants for Low Income Units on the basis of source of income (i.e., TANF or SSI), and the Borrower shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant's income has been paid for rent in the past as will be required to be paid for the rent applicable to the Low Income Unit to be occupied, provided that such Low Income Tenant's expenses have not materially increased).

(h) Each lease pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant under clause (c) above may, at the option of the Borrower, disqualify the unit as a Low Income Unit, or provide grounds for termination of the lease.

(i) Prior to the Closing Date, the Borrower agrees to provide to the Authority a copy of the form of application and lease to be provided to prospective Low Income Tenants. The term of the lease shall be not less than 30 days.

(j) In addition to the requirements set forth in clause (a) under "Low Income and Very Low Income Units," above, the Authority shall require that not less than 10% of the units in the Project shall be Very Low Income Units and shall be rented to, or made available for rental to, Very Low Income Tenants on the same terms and conditions, and subject to the same requirements, as are set forth in this paragraph with respect to the Low Income Units, except that monthly rents shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, adjusted as provided clause (a) under "Low Income and Very Low Income Units," above.

Term

Except as provided under clause (j) of "Residential Rental Property," above and the Tax Regulatory Agreement, which provisions shall continue beyond the Qualified Project Period, and, except as provided in the second paragraph of this section, the Tax Regulatory Agreement and all and several of the terms of the Tax Regulatory Agreement shall become effective upon its execution and delivery and shall remain in full force and effect during the Qualified Project Period, or for such longer period as is provided under clause (j)(iii) of "Residential Rental Property," above and the Tax Regulatory Agreement, and in the CDLAC Resolution referred to in the Tax Regulatory Agreement, it being expressly agreed and understood that the provisions of the Tax Regulatory Agreement are intended to survive the retirement of the Bonds and expiration of the Indenture, Loan Agreement and Loan. Notwithstanding any other provisions of the Tax Regulatory Agreement to the contrary, the entire Tax Regulatory Agreement, or any of the provisions or the Tax Regulatory Agreement, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Authority, Trustee (if any Bonds are outstanding), and Borrower only if there shall have been received by the Authority and the Trustee an opinion of Bond Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

The terms of the Tax Regulatory Agreement to the contrary notwithstanding (except as to the provisions of the Tax Regulatory Agreement), the Tax Regulatory Agreement, and each and all of the terms of the Tax Regulatory Agreement, shall automatically terminate and be of no further force or effect in the event of (i) an involuntary noncompliance by the Borrower with the provisions of the Tax Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the provisions of the Tax Regulatory Agreement, or (ii) foreclosure on the Project or delivery of a deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Indenture [or the Mortgage Loan Security Instrument]) or condemnation or a similar event, but in either case only if within a reasonable period thereafter the Bonds are redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in the Tax Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained in the Tax Regulatory Agreement shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Project or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliate obtains an ownership interest in the Project for federal income tax purposes. The parties to the Tax Regulatory Agreement mutually intend the previous sentence to be interpreted in accordance with the minimum requirements of Section 1.103-8(b)(6) of the Regulations.

Upon the termination of the terms of the Tax Regulatory Agreement, the parties to the Tax Regulatory Agreement agree to execute, deliver and record appropriate instruments of release and discharge of the terms of the Tax Regulatory Agreement; provided, however, that the execution and delivery of such instruments shall not be

necessary or a prerequisite to the termination of the Tax Regulatory Agreement in accordance with its terms. Borrower agrees that the reasonable fees and costs of the Authority and Trustee and their respective legal counsel in connection with the termination of the Tax Regulatory Agreement shall be paid by the Borrower.

Covenants to Run with the Land

The Borrower subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in the Tax Regulatory Agreement. The Authority and the Borrower declare their express intent that the covenants, reservations and restrictions set forth in the Tax Regulatory Agreement shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of the Tax Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument thereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

$18,200,000*
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)

This Continuing Disclosure Agreement, dated as of June 1, 2026 (this "Continuing Disclosure Agreement"), is executed and delivered by Hillcrest Hall LP, a California limited partnership (the "Borrower"), and [U.S. Bank Trust Company, National Association, a national banking association], as dissemination agent (the "Dissemination Agent"), for the above-captioned bonds (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture, dated as of June 1, 2026 (the "Indenture") between the Housing Authority of the City of San Diego (the "Issuer") and [U.S. Bank Trust Company, National Association, a national banking association], as trustee (the "Trustee"). Pursuant to the Indenture and the Loan Agreement, dated as of June 1, 2026, between the Issuer and the Borrower (the "Loan Agreement"), the Dissemination Agent and the Borrower covenant and agree as follows:

Section 1. Purpose of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Borrower, and the Dissemination Agent for the benefit of the holders of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any person, including any holder of the Bonds or Beneficial Owner, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

"*Audited Financial Statements*" means, in the case of the Borrower, the annual audited financial statements prepared in accordance with generally accepted accounting principles, if any.

"*Beneficial Owner*" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"*Disclosure Representative*" shall mean the administrator of the Project or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

"*Dissemination Agent*" shall mean [U.S. Bank Trust Company, National Association, a national banking association], acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

"*MSRB*" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the

* Preliminary; subject to change.

MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB's Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated, and its successors and assigns.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Borrower will, or will cause the Dissemination Agent to, not later than 180 days following the end of the Borrower's fiscal year, commencing with the fiscal year ending on December 31, 2026, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than 15 Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of the Annual Report.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent will contact the Disclosure Representative to determine if the Borrower is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent will send in a timely manner a notice to the MSRB in substantially the form attached as Exhibit B to this Continuing Disclosure Agreement.

(d) The Dissemination Agent will file a report with the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

Section 4. Content of Annual Reports. The Borrower's Annual Report will contain or incorporate by reference the financial information with respect to the Project, provided at least annually, of the type included in Exhibit A hereto, which Annual Report may, but is not required to, include Audited Financial Statements. If the Borrower's Audited Financial Statements are not available by the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements, and the Audited Financial Statements will be filed in the same manner as the Annual Report when and if they become available.

Any or all of the items described in Exhibit A may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an "Obligated Person" (as defined by the Rule), which have been filed with the MSRB. The Borrower will clearly identify each such other document so incorporated by reference.

Each annual report submitted hereunder shall be in readable portable document format ("PDF") or other acceptable electronic form.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (each, a "Listed Event"):

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulty;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulty;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) Modifications to rights of holders of the Bonds, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;

(xv) Incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material;

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties; and

(xvii) The Project's being placed in service for purposes of qualifying the property for low income housing tax credits. Notice of the Project's being placed in service from the Borrower to the Dissemination Agent shall be in the form attached as Exhibit D hereto or such other form as may be approved by the Dissemination Agent. Notice of the Project's being placed in service from the Dissemination Agent to the Municipal Securities Rulemaking Board shall be in the form attached as Exhibit C hereto or such other form as may be approved by the Dissemination Agent.

For purposes of clauses (xv) and (xvi) of this Section 5(a), "financial obligation" is as contemplated by Exchange Act Release No. 34-83885; File No. S7-01-17 (the "Adopting Release").

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any potential Listed Event, pursuant to subsection (c) of this Section 5 or otherwise, provide the Disclosure Representative with notice by facsimile transmission confirmed by telephone or by email. While the Dissemination Agent is also the Trustee, the Dissemination Agent shall be deemed to have actual knowledge of those items listed in clauses (i), (iii) (solely with respect to funds held by the Trustee), (iv), (v), (vii), (viii), (ix), (x) and (xiv) above without the Dissemination Agent's having received notice of such event. While the Dissemination Agent is not also the Trustee, the Dissemination Agent shall not be deemed to have actual knowledge of any items listed in clauses (i) - (xvii) above without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Disclosure Representative, the Dissemination Agent shall assume that the unscheduled draws described in clauses (iii) and (iv) reflect financial difficulty.

(c) Whenever the Borrower obtains knowledge of the occurrence of a potential Listed Event, the Borrower shall, within five (5) Business Days of obtaining such knowledge and in any event no more than eight (8) Business Days after the occurrence of such event, determine if such event is in fact a Listed Event that is required by the Rule to be disclosed and provide the Dissemination Agent with notice and instructions pursuant to subsection (d) below.

(d) If the Borrower has determined that a Listed Event is required to be disclosed, then the Borrower shall prepare a written notice describing the Listed Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (e) below.

(e) If the Dissemination Agent has been provided with a written notice describing a Listed Event pursuant to subsection (c) of this Section 5 or otherwise, and is instructed by the Borrower to report the occurrence of such Listed Event, the Dissemination Agent shall, within two (2) Business Days of its receipt of such written notice and in any event no more than ten (10) Business Days after the occurrence of the Listed Event, file the notice with the MSRB and send a copy to the Borrower.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the Borrower unless such amendment adversely affects its rights, duties, protections, immunities, indemnities or standard of care, as determined by the Dissemination Agent) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described under paragraph (a) under "Provision of Annual Reports," "Contents of Annual Reports" or paragraph (a) under "Reporting of Listed Events," it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an Obligated Person (as defined in the Rule) with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment in the next Annual Report and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Listed Event under Section 5(e) hereof and (ii) the Annual Report

for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement and such failure to comply continues beyond a period of thirty (30) days following written notice to the Borrower, the Borrower or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Loan Agreement, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

Section 8. Beneficiaries. This Continuing Disclosure Agreement will inure solely to the benefit of the Borrower, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Bonds and will create no rights in any other person or entity.

Section 9. Reserved.

Section 10. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Borrower has provided such information to the Dissemination Agent as required by this Continuing Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Borrower's failure to report to the Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Borrower has complied with this Continuing Disclosure Agreement. The Dissemination Agent may conclusively rely upon Certifications of the Borrower at all times.

The obligations of the Borrower under this Section 11 shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Borrower.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Continuing Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Section 12. Notices. All notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when delivered personally or by mail (including electronic mail) to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Continuing Disclosure Agreement and addressed as set forth below or telecopied to the telecopier number of the recipient, with confirmation of transmission, indicated below:

If to the Borrower:

Hillcrest Hall LP
122 East 42nd Street, Suite 1903
New York, NY 10168
Attention: Paul A. Salib
Email: psalib@crpaffordable.com

If to the Dissemination Agent:

[U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Global Corporate Trust Services
Email: andrew.fung@usbank.com]

Section 13. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of California.

Section 14. Termination of this Continuing Disclosure Agreement. The Borrower or the Dissemination Agent may terminate this Continuing Disclosure Agreement by giving written notice to the other party at least 30 days prior to such termination. The Dissemination Agent shall be fully discharged at the time any such termination is effective. The Borrower's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, tender, conversion or exchange (including, without limitation, exchange for the Governmental Lender Note), or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination in a filing with the MSRB.

Section 15. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement to be executed by their duly authorized representatives as of the date set forth above.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC,
a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and
Community Development LLC,
a Delaware limited liability company,
its Sole Member

By: _____
Joel Hammer
Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC,
a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc.,
a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett
CEO

By: BOLD HILLCREST LLC,
a California limited liability company,
its Managing General Partner

By: Bold Communities,
a California nonprofit public benefit
corporation,
its Sole Member

By: _____
Michael Miller
President

[Counterpart Signature Page to Continuing Disclosure Agreement]

[U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION], as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

ANNUAL REPORT

$18,200,000*
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)

CUSIP: _____

Annual report for the period ending December 31, _____

THE PROJECT

Name of the Project:	Hillcrest Hall
Address:	1601 University Avenue, San Diego, CA 92103
Number of Units:	98

INFORMATION ON THE BONDS

Original principal amount of Bonds:	
Outstanding principal amount of Bonds:	

OPERATING HISTORY OF THE PROJECT

The tables set forth below offer a summary of the operating results of the Project for fiscal year ended December 31, 20__, as derived from the Borrower's audited financial statements [or unaudited financial statements].

Financial Results for Fiscal Year Ending December 31, _____	
Revenues	
Operating Expenses[1]	
Net Operating Income	
Debt Service on the Bonds	
Net Income (Loss)	
Debt Service Coverage Ratio	

[1] Excludes depreciation and other non-cash expenses.

Occupancy Results for Fiscal Year Ending December 31, _____	
Physical Occupancy	____%
Economic Occupancy[1]	____%

[1] The physical occupancy rate is the proportion of units that are occupied or leased by tenants. The economic occupancy rate is the proportion of the gross potential rent that is actually collected. As such, the economic occupancy takes into consideration items such as model units, employee units, discounted units, rent incentives, loss to lease and bad debt expense.

* Preliminary; subject to change.

AUDITED FINANCIAL STATEMENTS

____ Attached

____ Audited financial statements of the Borrower for the period ending December 31, 20__ are not yet completed; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements. Audited financial statements will be filed when available.

____ No audited financial statements of the Borrower were prepared for the period ending December 31, 20__; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements.

EXHIBIT B

NOTICE OF FAILURE TO
FILE ANNUAL DISCLOSURE REPORT

Name of Issuer: Housing Authority of the City of San Diego

Name of Bond Issue: Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)

Name of Borrower: Hillcrest Hall LP

CUSIP: _____

Date of Issuance: June __, 2026

NOTICE IS HEREBY GIVEN that the above-referenced borrower (the "Borrower") has not provided an Annual Report with respect to the above-named Bonds as required by its Continuing Disclosure Agreement. The undersigned has been informed by the Borrower that it anticipates that Annual Report will be filed by _____.

DATED: _____

[U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION],
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT C

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF PROJECT PLACED IN SERVICE

Name of Issuer:	Housing Authority of the City of San Diego
Name of Bond Issue:	Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)
Name of Borrower:	Hillcrest Hall LP
Name of Project:	Hillcrest Hall
Address of Project:	1601 University Avenue, San Diego, CA 92103
Date of Issuance:	June __, 2026

NOTICE IS HEREBY GIVEN as per the requirements of the Continuing Disclosure Agreement, dated as of June 1, 2026, between the above-referenced borrower (the "Borrower") and [U.S. Bank Trust Company, National Association, a national banking association], as Dissemination Agent, that the Borrower has certified that the above-referenced project (the "Project") is complete and placed in service by the Borrower as evidenced by a certificate from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code.

Dated:

[U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION],
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT D

FORM OF NOTICE OF PLACED IN SERVICE

**$18,200,000*
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)**

The undersigned hereby provides notice to [U.S. Bank Trust Company, National Association, a national banking association], as dissemination agent (the "Dissemination Agent") that the multifamily rental housing facility to be known as Hillcrest Hall (the "Project") has been placed in service in accordance with the Trust Indenture, dated as of June 1, 2026, between the Housing Authority of the City of San Diego (the "Issuer") and [U.S. Bank Trust Company, National Association, a national banking association], as trustee (the "Trustee"), pursuant to which the above-captioned bonds were issued.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC,
a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and
Community Development LLC,
a Delaware limited liability company,
its Sole Member

By: _____
Joel Hammer
Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC,
a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc.,
a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett
CEO

* Preliminary; subject to change.

By: BOLD HILLCREST LLC,
a California limited liability company,
its Managing General Partner

By: Bold Communities,
a California nonprofit public benefit corporation,
its Sole Member

By: _____
Michael Miller
President

APPENDIX F

FORM OF BOND COUNSEL OPINION

Upon the issuance of the Bonds, Jones Hall, Bond Counsel for the Issuer, proposes to issue an opinion in substantially the following form:

June ___, 2026

Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, CA 92121

OPINION: $18,200,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)

Ladies and Gentlemen:

Capitalized terms used but not defined herein shall have the meanings given to them in the Trust Indenture, dated as of June 1, 2026 (the "Indenture"), by and between the Housing Authority of the City of San Diego, as issuer (the "Issuer") and [U.S. Bank Trust Company, National Association], as trustee. The Indenture provides that the Bonds are issued for the stated purpose of making a loan of the proceeds thereof to Hillcrest Hall LP (the "Borrower") pursuant to a loan agreement, dated as of June 1, 2026 (the "Loan Agreement"), between the Issuer and the Borrower.

We have acted as bond counsel in connection with the issuance by the Issuer of the Bonds pursuant to Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code of the State of California (the "Act"), the Indenture, and a resolution of the issuer adopted on _____, 2026. The Issuer is issuing the Bonds for the purpose of making the Loan to the Borrower to finance the acquisition, construction and equipping of a multifamily rental housing known as "Hillcrest Hall," consisting of a 98-unit multifamily rental housing facility located at 1601 University Avenue in the City of San Diego, California (collectively, the "Project"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations and covenants of the Issuer contained in the Indenture; of the Borrower contained in the Loan Agreement; of the Issuer and Borrower contained in the Tax Regulatory Agreement; and of the Issuer, the Borrower and others contained in the certified proceedings relating to the origination of the Loan and the issuance of the Bonds. We have also relied upon certain other certifications of public officials and the Borrower, in each case furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. Pursuant to the Act, the Indenture creates a valid lien on the funds pledged by it for the security of the Bonds subject to no prior lien granted under the Act.

2. The Bonds have been duly authorized, executed and delivered by the Issuer and constitute valid and binding limited obligations of the Issuer, payable solely from the sources provided therefor in the Indenture.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes, except during any period while a Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Tax Code"). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. It should be noted however that interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the previous paragraph are subject to the condition that the Issuer, the Borrower and any future owner or user of the Project comply with all requirements of the Tax Code that must be satisfied subsequent

to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer and the Borrower have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

4. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, Loan Agreement, and the Regulatory Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions, and any assumptions expressed herein, and in reliance upon the representations, and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:
Jones Hall LLP
4 West 4th Avenue, Suite 406
San Mateo, California 94402
Attention: Brian C. Haroldson, Esq.

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

By and Among

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

HILLCREST HALL LP,
a California limited partnership

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

Dated as of [_____] 1, 2026

Relating to:

Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall)
2026 Series A-1 (Tax-Exempt)
2026 Series A-2 (Taxable)

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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this "**Regulatory Agreement**"), dated as of [_____], 1 2026, by and among the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California (together with any successor to its rights, duties and obligations, the "**Authority**"), Hillcrest Hall LP, a California limited partnership (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the "**Borrower**"), and U.S. Bank Trust Company, National Association, a national banking association, organized and operating under the laws of the United States of America, as trustee under the Indenture (the "**Trustee**").

W I T N E S S E T H

WHEREAS, the Authority is a California housing authority acting under the Housing Authorities Law, Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the "**Act**"); and

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds or notes to finance the acquisition, construction, rehabilitation and equipping of multifamily rental housing for families and individuals of low income and very low income within the City of San Diego, California (the "**City**"); and

WHEREAS, the Authority is a political subdivision (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "**Code**")); and

WHEREAS, on [_____], 2026, the legislative body of the Authority adopted a resolution (the "**Resolution**") authorizing the issuance of revenue bonds in connection with financing the acquisition, construction, and equipping of a 98-unit (including one manager's unit) multifamily rental housing project located in the City; and

WHEREAS, in furtherance of the purposes of the Act and the Resolution and as a part of the Authority's plan of financing residential rental housing, the Authority proposes to issue its Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) (the "**Tax-Exempt Bonds**") under a Trust Indenture, dated as of [_____], 1 2026 (as supplemented and amended from time to time, the "**Tax-Exempt Indenture**"), between the Issuer and the Trustee; and

WHEREAS, and in furtherance of the purposes of the Act and the Resolution and as a part of the Authority's plan of financing residential rental housing, the Authority proposes to issue its Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) (the "**Taxable Bonds**" and, together with the Tax-Exempt Bonds, the "**Bonds**") under a Trust Indenture, dated as of [_____], 1 2026 (as supplemented and amended from time to time, the "**Taxable Indenture**" and, collectively with the Tax-Exempt Indenture, the "**Indenture**"), between the Issuer and the Trustee; and

WHEREAS, the Authority has agreed to use the proceeds of the sale of the Tax-Exempt Bonds to make a loan (the "**Tax-Exempt Loan**") in the principal amount of $18,200,000 to the Borrower, pursuant to the terms of the Tax-Exempt Indenture and the Loan Agreement, dated as of [_____], 1 2026, by and between the Authority and the Borrower (as supplemented and amended from time to time, the "**Tax-Exempt Loan Agreement**"), to enable the Borrower to finance the acquisition, construction, and equipping of the Project (as defined herein) for the public purpose of providing decent, safe and sanitary housing for families and individuals of low income and very low income; and

WHEREAS, the Authority has agreed to use the proceeds of the sale of the Taxable Bonds to make a loan (the "**Taxable Loan**" and, collectively with the Tax-Exempt Loan, the "**Loan**") in the principal amount of $[TAXABLE PAR] to the Borrower, pursuant to the terms of the Taxable Indenture and the Loan Agreement, dated as of [_____], 1 2026, by and between the Authority and the Borrower (as supplemented and amended from time to time, the "**Taxable Loan Agreement**" and, collectively with the Tax-Exempt Loan Agreement, the "**Loan Agreement**"), to enable the Borrower to finance the acquisition, construction, and equipping of the Project (as defined herein) for the public purpose of providing decent, safe and sanitary housing for families and individuals of low income and very low income; and

WHEREAS, permanent financing of the Project is expected to be provided by Citibank, N.A. (the "**Lender**") on the Funding Date pursuant to the provisions of a Funding Loan Agreement (the "**Funding Loan Agreement**") by and among the Authority, the Lender, and U.S. Bank Trust Company, National Association, as fiscal agent (the "**Fiscal Agent**"), and a Borrower Loan Agreement (the "**Borrower Loan Agreement**") by and among the Authority, the Borrower, and the Fiscal Agent, and will be evidenced by the Housing Authority of the City of San Diego Multifamily Housing Revenue Note (Hillcrest Hall), with appropriate modifications and designations as necessary (the "**Governmental Lender Note**" and, if and to the extent executed and delivered, the definitions of "**Bonds**" and "**Tax-Exempt Bonds**" shall be deemed to include the Governmental Lender Note); following the Funding Date, as used herein the term Indenture shall include the Funding Loan Agreement and the term Loan Agreement shall include the Borrower Loan Agreement

WHEREAS, the Authority has obtained an allocation for the Project of a portion of the State of California's private activity bond volume cap, within the meaning of Section 146 of the Code, in accordance with the procedures established by the California Debt Limit Allocation Committee ("**CDLAC**"); and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects, and in order to ensure that the Project will be owned and operated in accordance with the Code and the Act, the Authority and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, equipping and operation of the Project;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. The following terms shall have the respective meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

"**Adjusted Income**" means the adjusted income of all persons who intend to reside in one residential unit, calculated in the manner determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code.

"**Affiliate**" means (1) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (2) a Person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (3) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (4) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

"**Area**" means the San Diego County, California, Primary Metropolitan Statistical Area.

"**Authority Fee**" means (i) the administrative fee of the Authority payable on the Closing Date in the amount of 0.25% of the initial principal amount of the Bonds (i.e., $[_____]) and payable every 12 months, commencing [CLOSING MONTH] 1, 2027, in an amount equal to (A) prior to the Conversion Date, 0.125% of the original principal amount of the Bonds, and (B) following the Conversion Date, 0.125% of the principal amount of the Bonds outstanding on the Conversion Date, provided, however, that the ongoing administrative fee shall in no event be less than $10,000.00 or more than $62,500.00, and (ii) an annual occupancy monitoring fee, separately from, and in addition to, the annual ongoing administrative fee referred to in clause (i) of this definition, to the San Diego Housing Commission (the "**Commission**"), for the total number of units monitored by the Commission. The annual occupancy monitoring fee described in clause (ii) of this definition is subject to annual adjustment. The Borrower agrees to pay the Commission, an initial occupancy monitoring fee in the amount set forth in schedules promulgated by Commission from time to time.

"**Bonds**" has the meaning given to it in the recitals hereto.

"**Borrower's Cost Certificate**" means the Certificate Regarding Use of Proceeds, dated as of the Closing Date, with respect to certain Project Costs, executed by the Borrower delivered to the Authority by the Borrower.

"**CDLAC**" has the meaning given to it in the recitals hereto.

"**CDLAC Resolution**" means Resolution No. 25-214 adopted by CDLAC on August 5, 2025, and revised on September 5, 2025, awarding an allocation of $18,200,000 to the Project, as such resolution may be further modified or amended from time to time.

"**Certificate of Continuing Program Compliance**" means the certificate with respect to the Project to be filed by the Borrower with the Authority, which shall be substantially in the form attached hereto as Appendix B.

"**Closing Date**" has the meaning given to the term "Delivery Date" in the Indenture.

"**Code**" has the meaning given to it in the recitals hereto.

"**Event of Default**" has the meaning given to it in Section 15 hereof.

"**Income Certification**" means the Income Computation and Certification Form in substantially the form attached hereto as Appendix C.

"**Indenture**" has the meaning given to it in the recitals hereto.

"**Inducement Date**" means June 21, 2024, with respect to the Authority's declaration of intent to issue tax-exempt multifamily housing revenue bonds in an aggregate principal amount not to exceed $40,000,000 in connection with the Project.

"**Investor Limited Partner**" means RSEP Holding, LLC, a Delaware limited liability company, or its successors and assigns.

"**Loan**" has the meaning given to it in the recitals hereto.

"**Loan Agreement**" has the meaning given to it in the recitals hereto.

"**Low Income Tenants**" means individuals or families with an Adjusted Income that does not exceed 60% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"**Low Income Units**" means the dwelling units in the Project designated for occupancy by Low Income Tenants pursuant to Section 4(a) of this Regulatory Agreement.

"**Median Income for the Area**" means the median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

"**Partnership Agreement**" means the Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of [_____] 1, 2026.

"**Project**" means the Project Facilities and the Project Site.

"**Project Costs**" mean to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction, and equipping of the Project, whether paid or incurred prior to or after the 60th day preceding the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel.

"**Project Facilities**" mean the buildings, structures and other improvements on the Project Site that are being financed with proceeds of the Bonds, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements, but excluding any commercial space and associated improvements, fixtures, machinery and equipment included therein.

"**Project Site**" means the parcel or parcels of real property described in Appendix A, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances thereunto appertaining.

"**Qualified Project Costs**" means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (within the meaning of the Code) (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate that are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Bonds, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of Regulations §1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of construction of the Project that do not exceed 20% of the aggregate issue price of the Bonds (as defined in Regulations §1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after

the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid).

"**Qualified Project Period**" means the period beginning on the first day on which at least 10% of the dwelling units in the Project are first occupied and ending on the later of (a) the date that is 55 years after the date on which 50% of the dwelling units in the Project are occupied, (b) the first day on which no tax exempt bonds or notes with respect to the Project are outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

"**Regulations**" means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

"**Tax-Exempt**" means with respect to interest on any obligations of a state or local government, including the Tax-Exempt Bonds and the Governmental Lender Note, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

"**Trustee**" means U.S. Bank Trust Company, National Association, or its successors and assigns.

"**Very Low Income Tenants**" means individuals or families with an Adjusted Income that does not exceed 50% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"**Very Low Income Units**" means the dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to Section 4(j) of this Regulatory Agreement.

Capitalized terms that are not defined herein shall have the meanings assigned to them in the Indenture.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Acquisition, Construction, and Equipping of the Project. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Borrower has incurred a substantial binding obligation to acquire, construct, and equip the Project, pursuant to which the Borrower is obligated to expend at least 5% of the aggregate net sale proceeds of the Bonds.

(b) The Borrower's reasonable expectations respecting the total cost of the acquisition, construction, and equipping of the Project and the disbursement of Bond proceeds are accurately set forth in the Borrower's Cost Certificate that has been delivered to the Authority.

(c) The Borrower will proceed with due diligence to complete the acquisition, construction, and equipping of the Project and expects to expend the full amount of the proceeds of the Loan for Project Costs prior to the date that is three years after the Closing Date.

(d) The statements made in the various certificates delivered by the Borrower to the Authority are true and correct as of the Closing Date.

(e) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to the requirements of the Indenture, the Loan Agreement or this Regulatory Agreement.

(f) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including, if applicable, the requirements for providing notices in subsections (b), (c), (d) and (e) thereof.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Project will be owned, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, constructed, and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park; provided that the use of certain units for tenant guests on an intermittent non-compensated basis shall not be considered transient use for purposes of this Regulatory Agreement.

(d) No part of the Project will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate, the Borrower has not and shall not take any steps in connection with a conversion of the Project to a condominium or cooperative ownership except with the prior written approving opinion of Bond Counsel that by reason of any such action the interest on the Tax-Exempt Bonds will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for the manager's units described in (g) below) will be available for rental on a continuous basis to members of the general public, and the Borrower has not and will not give preference to any particular class or group in renting the dwelling units in the Project, except (i) to the extent that dwelling units are required to be leased or rented to Low Income Tenants, Very Low Income Tenants, or holders of Section 8 certificates or vouchers, (ii) as otherwise required pursuant to any agreement entered into with the City, the County or any other public entity, or (iii) as otherwise may be lawfully required pursuant to any agreement entered into with the California Tax Credit Allocation Committee; provided that in no event shall the Borrower give any preference in violation of the Code.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in any building in the Project shall be occupied by the Borrower unless the building contains five or more dwelling units, in which case one unit may be occupied by the Borrower or by persons related to or affiliated with the Borrower such as a resident manager or maintenance personnel. Notwithstanding the foregoing limitation, up to a total of three units in the Project may be occupied by a resident manager or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the portion of the Loan funded by the Tax-Exempt Bonds and cause the Tax-Exempt Bonds to be prepaid or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, sexual preference, source of income (e.g. TANF, SSI), mental or physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(j) Following the expiration or termination of the Qualified Project Period, Low Income Units and Very Low Income Units shall remain available to the Low Income Tenants and Very Low Income Tenants, respectively, then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the rent determined pursuant to Sections 4(a) and 4(j) below, as applicable, until the earliest of any of the following occurs:

(i) The household's income exceeds 140% of the income at which such household would qualify as a Low Income Tenant or a Very Low Income Tenant.

(ii) The household voluntarily moves or is evicted for "good cause." For these purposes, "good cause" means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement that detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(iii) Fifty-five (55) years after the date on which 50% of the dwelling units in the Project are occupied.

(iv) The Borrower pays the relocation assistance and benefits to such Low Income Tenants or Very Low Income Tenants, as provided in Section 7264(b) of the Government Code of the State of California.

(k) The Authority may but shall not be required to monitor the Borrower's compliance with the provisions of subparagraph (j) above.

Section 4. Low Income and Very Low Income Units. Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period, not less than 40% of the units in the Project shall be designated as Low Income Units and shall be continuously occupied by or held available for occupancy by Low Income Tenants at monthly rents that do not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area, as adjusted for household size utilizing the percentages set forth above under the definition of Low Income

Tenant less a reasonable deduction for utilities paid by the tenant as determined by the Authority and assuming (solely for purposes of the above-described limit on the amount of monthly rent, and not for purposes of determining whether individuals or families are Low Income Tenants for purposes of Section 142(d) of the Code) the following unit sizes and household sizes (collectively, the "**Assumed Unit and Household Sizes**"):

Unit Size	Household Size
One-Bedroom	Two Persons
Two-Bedroom	Three Persons
Three-Bedroom	Four Persons

Such Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants and shall be distributed throughout the Project.

A unit occupied by a Low Income Tenant who, at the commencement of the occupancy, is a Low Income Tenant shall be treated as occupied by a Low Income Tenant until a recertification of such tenant's income in accordance with Section 4(c) below demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter such unit shall be treated as any residential unit of comparable or smaller size in the Project occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days.

(b) Immediately prior to a Low Income Tenant's occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Low Income Tenant in the Project. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Authority, the Act, Section 142(d) of the Code and the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a federal income tax return for the most recent tax year, (2) obtain a written verification of income and employment from the applicant's current employer, (3) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income satisfactory to the Authority or (4) such other information as may be reasonably requested by the Authority.

Copies of the most recent Income Certifications for Low Income Tenants shall be attached to the annual report to be filed with the Authority as required in (d) below.

(c) Immediately prior to the first anniversary date of the occupancy of a Low Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In lieu of obtaining such annual Income Certifications, the Borrower may, with respect to any particular twelve-month period ending July 1 of each year, deliver to the Authority no later than fifteen (15) days after such date, a certification that as of July 1, no residential unit in the Project was occupied

within the preceding twelve (12) months by a new resident whose income exceeded the limit applicable to Low Income Tenants upon admission to the Project. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and, to the extent necessary to comply with the requirements of Section 4(a) above, the Borrower will rent the next available unit of comparable or smaller size to one or more Low Income Tenants.

(d) Upon commencement of the Qualified Project Period, and not less than annually thereafter during the term of this Regulatory Agreement, the Borrower shall advise the Authority of the status of the occupancy of the Project by delivering to the Authority a Certificate of Continuing Program Compliance.

(e) The Borrower shall maintain complete and accurate records pertaining to the Low Income Units, and shall permit any duly authorized representative of the Authority, Department of the Treasury or Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Project continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Authority.

(g) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any additional fees or payments from a Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from a Section 8 certificate or voucher holder in excess of those allowed under the Section 8 Program. The Borrower shall not discriminate against applicants for Low Income Units on the basis of source of income (i.e., TANF or SSI), and the Borrower shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant's income has been paid for rent in the past as will be required to be paid for the rent applicable to the Low Income Unit to be occupied, provided that such Low Income Tenant's expenses have not materially increased).

(h) Each lease pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant to Section 4(c) above may, at the option of the Borrower, disqualify the unit as a Low Income Unit, or provide grounds for termination of the lease.

(i) Prior to the Closing Date, the Borrower agrees to provide to the Authority a copy of the form of application and lease to be provided to prospective Low Income Tenants. The term of the lease shall be not less than 30 days.

(j) In addition to the requirements set forth in Section 4(a), the Authority shall require that not less than 10% of the units in the Project shall be Very Low Income Units and shall be rented to, or made available for rental to, Very Low Income Tenants on the same terms and conditions, and subject to the same requirements, as are set forth in this Section 4 with respect to the Low Income Units, except that monthly rents shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, adjusted as provided in Section 4(a) above.

Section 5. Tax Status of the Bonds. The Borrower and the Authority each hereby represents, as of the date hereof, and warrants, covenants and agrees that:

(a) It will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds or the exemption from California personal income taxation of the interest on the Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof;

(b) It will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Authority and Trustee, to comply fully with the Code and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

(c) The Borrower, at the Borrower's expense, will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Authority and Trustee, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of San Diego.

(d) The Borrower will not enter into any agreements that would result in the payment of principal of or interest on the Tax-Exempt Bonds being "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) The Borrower hereby reaffirms the arbitrage certifications made by it in the Certificate as to Arbitrage executed in connection with the Tax-Exempt Bonds, and such certifications are hereby incorporated herein as covenants of the Borrower by this reference.

(f) The Borrower hereby agrees to comply with the requirements of Section 148(f) of the Code and to rebate excess investment earnings to the federal government.

(g) The Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions,

and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

(h) The Borrower shall assure that the proceeds of the Tax-Exempt Bonds are used in a manner such that the Tax-Exempt Bonds will satisfy the requirements of section 142(d) of the Code relating to qualified residential rental projects.

(i) The Tax-Exempt Bonds upon issuance and delivery shall be considered "private activity bonds" within the meaning of the Code with respect to which CDLAC has transferred a portion of the State of California's private activity bond allocation (within the meaning of section 146 of the Code) equal to the principal amount of the Tax-Exempt Bonds.

(j) The Authority and the Borrower covenant that not less than 95% of the net proceeds of the Tax-Exempt Bonds (within the meaning of section 150(a)(3) of the Code) will be paid for Qualified Project Costs.

(k) The Authority and the Borrower covenant that less than 25% of the proceeds of the Tax-Exempt Bonds shall be used, directly or indirectly, for the acquisition of land.

(l) The Authority and the Borrower covenant that no proceeds of the Tax-Exempt Bonds shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Tax-Exempt Bonds shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(m) The Borrower shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Tax-Exempt Bonds that, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(n) In accordance with Section 147(b) of the Code, the average maturity of the Tax-Exempt Bonds does not exceed 120% of the average reasonably expected economic life of the facilities being financed by the Tax-Exempt Bonds.

(o) The Authority and the Borrower covenant that, from the proceeds of the Tax-Exempt Bonds and investment earnings thereon, an amount not in excess of two percent (2%) of the proceeds of the Tax-Exempt Bonds, will be used for costs of issuance of the Tax-Exempt Bonds, all within the meaning of section 147(g)(1) of the Code. For this purpose, if the fees of the Trustee are retained as a discount on the purchase of the Tax-Exempt Bonds, such retention shall be deemed to be an expenditure of proceeds of the Tax-Exempt Bonds for said fees.

(p) The proceeds of the Tax-Exempt Bonds will be allocated to expenses actually paid with proceeds of the Tax-Exempt Bonds unless, prior to the date that is the later of 18 months (i) after the expenditure is paid, or (ii) after the Project financed with proceeds of the Tax-Exempt Bonds is placed in service, the Borrower makes a different allocation of such expenditures to different contemporaneous purposes. In any event, such alternative allocation must occur no later than 60 days after the fifth anniversary of the Closing Date (or 60 days after the retirement of the Tax-Exempt Bonds if earlier).

(q) The Authority and the Borrower covenant that no proceeds of the Tax-Exempt Bonds shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in section 147(d)(3) of the Code, "**Rehabilitation Expenses**") with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with proceeds of the Tax-Exempt Bonds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if Rehabilitation Expenditures with respect to such structure equal or exceed 100% of the portion of the cost of acquiring such structure financed with the proceeds of the Tax-Exempt Bonds. In compliance with this provision, within two years after the later of the date of the Borrower's acquisition of the Project or the date of the issuance of the Tax-Exempt Bonds, the Borrower will make Rehabilitation Expenditures in an amount equal to or greater than 15% of the amount of proceeds of the Tax-Exempt Bonds used to acquire any existing buildings and related equipment which are part of the Project.

(r) [Reserved.]

(s) The Borrower acknowledges that if a reissuance of the Tax-Exempt Bonds occurs and the Authority is not involved, for example by consenting to any changes in the documents or actions of the parties and executing an IRS Form 8038, the interest on the reissued obligations will not be excluded from gross income for federal income tax purposes and may not be treated as governmental obligations.

The Borrower hereby covenants to notify any subsequent owner of the Project of the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided that the covenants contained in this paragraph shall not apply to the Trustee or its designee should the Trustee or its designee become the owner of the Project by foreclosure, deed in lieu of foreclosure or comparable conversion of the Documents.

Section 6. Modification of Special Tax Covenants. The Borrower, the Authority and the Trustee hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority, Trustee and the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement that must be complied with in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority, Trustee and Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment approved and signed by the Authority, the Trustee, and Borrower, and approved by the written opinion of Bond Counsel that

such amendment will not affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

(c) The Borrower, the Authority and, if applicable, the Trustee, shall execute, deliver and, if applicable, file of record any and all documents and instruments, necessary to effectuate the intent of this Section 6, and the Borrower appoints the Authority as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the Borrower defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Authority or the Borrower, the Trustee shall take no action under this subsection without first notifying the Borrower or the Authority, or both of them, as is applicable, and without first providing the Borrower or the Authority, or both, as is applicable, an opportunity to comply with the requirements of this Section 6. Nothing in this subsection (c) shall be construed to allow the Trustee to execute an amendment to this Regulatory Agreement on behalf of the Authority.

Section 7. Indemnification. The Borrower hereby releases the Authority, the Trustee, and their respective officers and employees from, and covenants and agrees to indemnify, hold harmless and defend the Authority, the Trustee, and their respective officers, members, directors, officials, agents and employees and each of them (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**") from and against, any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint or several (including, without limitation, actual and reasonable out-of-pocket costs of investigation, reasonable attorneys' fees, actual out-of-pocket litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), made directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, Bonds, or execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project, the making of the Loan or otherwise; (c) arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Loan or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of the Bonds or any certifications or representations made by any person (other than the Authority or the party seeking indemnification in connection therewith) or the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Indenture, the Loan Agreement or this Regulatory Agreement; (e) arising in connection with the operation of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction, or equipping of, the Project or any part thereof; and (f) arising out of or in connection with the Authority's or Trustee's exercise of their respective powers or duties under the Loan Agreement, this Regulatory Agreement or the Indenture, as applicable, or any other related agreements to which the Authority or Trustee is a party; except (1) in the case of the foregoing indemnification of the Trustee or any of its officers, members, directors, agents and employees, to the extent such damages are caused by the gross negligence or willful misconduct of such person and (2) in the case of the foregoing indemnification of the Authority or any of its officers, members, directors, officials, agents and employees, to the extent such damages are caused by the willful misconduct of such person.

This indemnification shall extend to and include, without limitation, all reasonable costs, reasonable counsel fees, expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except (i) in the case of the foregoing indemnification of the Trustee or any of its Indemnified Parties to the extent such damages are

caused by the gross negligence or willful misconduct of such Indemnified Party, and (ii) in the case of the foregoing indemnification of the Authority or any of its Indemnified Parties to the extent such damages are caused by the willful misconduct of such Indemnified Party.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party and approved by the Borrower (which approval shall not be unreasonably withheld); and the Borrower shall assume the payment of all actual and reasonable fees and expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Authority shall have the right to review and approve or disapprove any such compromise or settlement. The Borrower specifically acknowledges and agrees that it has an immediate and independent obligation to defend each Indemnified Party from any claim that actually or potentially falls within this Section 7 even if such claim is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the Borrower by any Indemnified Party and continues at all times thereafter. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the actual and reasonable fees and expenses of such separate counsel; provided, however, that unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel unless the Indemnified Party reasonably determines that a conflict exists between the interests of the Borrower and such Indemnified Party, in which case the Borrower shall pay the actual and reasonable fees and expenses of such separate counsel.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the Authority and Trustee from (i) any lien or charge upon payments by the Borrower to the Authority and Trustee hereunder arising out of Borrower's actions or inactions and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Authority shall give prompt notice to the Borrower, and as between the Authority and Borrower, the Borrower shall have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall remain obligated to indemnify the Indemnified Parties pursuant to this Section 7 for all claims arising from events occurring prior to such transfer, unless at the time of transfer the Authority has consented to indemnification under this Section 7 from such subsequent owner for all claims arising from events occurring prior to such transfer. If the Authority has consented to any transfer of the Project in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall not be obligated to indemnify the Indemnified Parties pursuant to this Section 7 for actions or inactions of the transferee arising after such transfer, but shall remain obligated to provide indemnity for claims related to actions or inactions occurring prior to such transfer.

In addition to the foregoing, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Authority or Trustee in enforcing the provisions hereof.

The provisions of this Section 7 shall survive the term of the Bonds and this Regulatory Agreement.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Indemnified Parties, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnity.

All obligations of the Borrower under this Regulatory Agreement for the payment of money, including claims for indemnification and damages, shall not be secured by or in any manner constitute a lien on the Project, and neither the Authority nor the Trustee shall have the right to enforce such obligations other than directly against the Borrower pursuant to Section 17 of this Regulatory Agreement.

The indemnity provided under this Section 7 shall not require payment of principal or interest on the Loan.

Section 8. Consideration. The Authority has agreed to issue the Bonds to provide funds to make the Loan to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire, construct, equip and operate the Project. In consideration of the issuance of the Bonds by the Authority, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Project can be put on the terms and conditions set forth herein.

Section 9. Reliance. The Authority and the Borrower hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds and the exemption from California personal income taxation of the interest on the Bonds. In performing its duties and obligations hereunder, the Authority and the Trustee may rely upon statements and certificates of the Borrower, the Low Income Tenants and Very Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Authority and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Authority or Trustee under this Regulatory Agreement in good faith and in conformity with such opinion; provided, however, if there are conflicting opinions among the counsel selected by such parties, the opinion of Bond Counsel shall govern the interpretation and enforcement of this Regulatory Agreement. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Trustee shall not be required to conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Trustee by the Borrower or the Authority with respect to the occurrence or absence of a default.

Section 10. Sale or Transfer of the Project; Syndication. The Borrower intends to hold the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project, and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder and the lease of the retail space pursuant to a standard commercial lease), without obtaining the prior written consent of the Authority (which consent shall not be unreasonably withheld or

delayed, and except as provided in the next succeeding paragraph) and receipt by the Authority (except as provided in the next succeeding paragraph) of: (i) such certifications as deemed necessary by the Authority to establish that the Borrower shall not be in default under this Regulatory Agreement or under the Loan Agreement or, if any such defaults exist, the purchaser or assignee undertakes to cure such defaults to the satisfaction of the Authority; (ii) a written instrument by which the Borrower's purchaser or transferee has assumed in writing and in full the Borrower's duties and obligations under this Regulatory Agreement; (iii) an opinion of counsel for the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee; (iv) documentation from the transferee reflecting the transferee's experience or, should the transferee choose to have a property manager run the Project, a property manager's experience with owning and/or operating multifamily housing projects such as the Project and with use and occupancy restrictions similar to those contained in this Regulatory Agreement; (v) evidence of satisfaction of compliance with the provisions of Section 27(d)(i) related to notice to CDLAC of transfer of the Project and (vi) an opinion of Bond Counsel addressed to the Authority to the effect that such transfer will not cause interest on the Tax-Exempt Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes.

No transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer. Nothing contained in this Section 10 shall affect any provision of the Documents to which the Borrower is a party that requires the Borrower to obtain the consent of any other party to such Documents as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Borrower or that gives such other party the right to accelerate the maturity of the Loan under the Loan Agreement, or to take some other similar action with respect to the Loan, upon the sale, transfer or other disposition of the Project. Notwithstanding anything contained in this Section 10 to the contrary, neither the consent of the Authority nor the delivery of items (i) through (vi) of the preceding paragraph shall be required in the case of a foreclosure or deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Indenture [or Mortgage Loan Security Instrument]), whereby the Trustee or any of its designees, or a third-party purchaser from the Trustee or any of its designees, becomes the owner of the Project, and nothing contained in this Section 10 shall otherwise affect the right of the Trustee or any of its designees, or any such third-party purchaser, to foreclose on the Project or to accept a deed in lieu of foreclosure. Delivery of items (i) through (vi) (or, if the Bonds are no longer outstanding, (i) through (v)) of the preceding paragraph and, while the Bonds are outstanding, consent of the Authority (which consent shall not be unreasonably withheld) shall be required for any future transfer of the Project to be made subsequent to any transfer described in the preceding sentence.

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 10 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Not less than 60 days prior to consummating any sale, transfer or disposition of any interest in the Project, the Borrower shall deliver to the Authority and Trustee a notice in writing explaining the nature of the proposed transfer.

Notwithstanding the above, the following transfers will be permitted without the consent of the Authority: (a) a transfer of the limited partner interests in the Borrower; (b) the removal and replacement of the general partner(s) of the Borrower (the "**General Partner**") pursuant to the terms of the Partnership Agreement; (c) the transfer of limited partner interests to the General Partner or any affiliate of the General Partner; and (d) the grant by the Borrower and exercise of

an option and/or right of first refusal by the General Partner or an affiliate thereof in accordance with the Partnership Agreement.

Section 11. Term. Except as provided in Section 3(j) and Section 7 above, which provisions shall continue beyond the Qualified Project Period, and, except as provided in the second paragraph of this Section 11, this Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect during the Qualified Project Period, or for such longer period as is provided in Sections 3(j)(iii) and 7 above, and in the CDLAC Resolution referred to in Section 27 below, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds and expiration of the Indenture, Loan Agreement and Loan. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Authority, Trustee (if any Bonds are outstanding), and Borrower only if there shall have been received by the Authority and the Trustee an opinion of Bond Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

The terms of this Regulatory Agreement to the contrary notwithstanding (except as to the provisions of Section 7), this Regulatory Agreement, and each and all of the terms hereof, shall automatically terminate and be of no further force or effect in the event of (i) an involuntary noncompliance by the Borrower with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the provisions of this Regulatory Agreement, or (ii) foreclosure on the Project or delivery of a deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Indenture [or Mortgage Loan Security Instrument]) or condemnation or a similar event, but in either case only if within a reasonable period thereafter the Bonds are redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in this Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Project or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliate obtains an ownership interest in the Project for federal income tax purposes. The parties hereto mutually intend the previous sentence to be interpreted in accordance with the minimum requirements of Section 1.103-8(b)(6) of the Regulations.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms. Borrower agrees that the reasonable fees and costs of the Authority and Trustee and their respective legal counsel in connection with the termination of this Regulatory Agreement shall be paid by the Borrower.

Section 12. Covenants to Run with the Land. The Borrower hereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Authority and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants,

reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 13. Burden and Benefit. The Authority and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Authority and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants and Very Low Income Tenants and by furthering the public purposes for which the Bonds were issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 15. Enforcement. If the Borrower defaults in the performance or observance of any of its covenants, agreements or obligations set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the Authority or the Trustee to the Borrower and the Investor Limited Partner (provided, however, that the Authority may at its sole option extend such period if the Borrower provides the Authority and Trustee with an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds), then the Authority or the Trustee may declare an "**Event of Default**" to have occurred hereunder and shall provide written notice thereof to the Borrower, and, at the Authority's option, the Authority or the Trustee, at the Authority's written direction, may take any one or more of the following steps:

(i) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; or

(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Authority may fully obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower.

The Trustee shall have the right, in accordance with this Section 15 and subject to the applicable provisions of the Indenture, without the consent or approval of the Authority, to exercise any or all of the rights or remedies of the Authority hereunder; provided that prior to taking any such act, the Trustee shall give the Authority written notice of its intended action. After the

Indenture has been discharged, the Authority may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee. All fees, costs and expenses of the Trustee and Issuer (including, without limitation, reasonable attorneys' fees) incurred in taking any action pursuant to this Section 15 shall be the sole responsibility of the Borrower.

Notwithstanding anything contained in this Regulatory Agreement, the Indenture or the Loan Agreement to the contrary, the occurrence of an Event of Default shall not be deemed, under any circumstances whatsoever, to be a default under the Documents except as may be otherwise specified, as applicable, in the Documents.

The rights of the Trustee under this Section are in addition to all rights conferred upon the Trustee under the Indenture and other Documents (as defined in the Indenture), and in no way limit those rights. No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of the Indenture.

Notwithstanding anything herein to the contrary, any cure of an Event of Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 16. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto to be recorded and filed in the real property records of the County of San Diego and in such other places as the Authority and Trustee may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 17. Payment of Fees. The Borrower shall pay to the Authority the issuance and annual (ongoing) Authority Fee on the dates and in the amounts set forth in the definition thereof. Notwithstanding any prepayment of the Loan or a redemption in full of the Bonds, except as set forth in the following paragraph, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Authority the Authority Fee, and, following the occurrence of an Event of Default, to the Authority reasonable compensation for any services rendered by it hereunder and reimbursement for all expenses reasonably incurred by it as a result of such Event of Default. The Authority Fee referenced in this section shall in no way limit amounts payable by the Borrower under Section 7 hereof, or arising after an Event of Default in connection with the Authority's or Trustee's enforcement of the provisions of this Regulatory Agreement.

In the event that the Bonds are redeemed in part or in full prior to the end of the term of this Regulatory Agreement, the Authority Fee for the remainder of the term of this Regulatory Agreement, at the option of the Authority, shall continue to be payable to the Authority for the number of years remaining under the Regulatory Agreement. At the option of the Authority, the Authority Fee shall be paid by the Borrower at the time of the redemption of the Bonds and shall be a lump sum amount equal to the present value (based on a discount rate equal to the U.S. Treasury security of the closest maturity to the Bonds, as determined by the Authority at the time of prepayment) of the Authority Fee, calculated based on the amount of the Bonds outstanding immediately preceding such redemption, for the number of years remaining in the Qualified Project Period under this Regulatory Agreement.

During any period that the Lender or any of its respective agents owns the Project, it shall be responsible to make payments under this Section 17 accruing during such period. The Lender

shall not be liable for the payment of any compensation or any fees, costs, expenses or penalties otherwise payable for any period of time that it was not or is not the owner of the Project.

Notwithstanding anything contained in this Regulatory Agreement or any other Document, under no circumstances shall the Authority Fee exceed any limitation under Section 148 of the Code.

Section 18. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

Section 19. Amendments. Except as provided in Sections 6(a) and 27(e) hereof, this Regulatory Agreement shall be amended only with the prior written consent of the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Diego. The parties hereto acknowledge that for so long as the Bonds are outstanding, the Trustee is a third-party beneficiary to this Regulatory Agreement. Any amendment to this Regulatory Agreement shall be accompanied by an opinion of Bond Counsel to the effect that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Section 20. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or on the third business day following the date on which the same have been mailed by certified mail, return receipt requested, postage prepaid and addressed as follows:

The Trustee:	[_____]
The Authority:	San Diego Housing Commission/Housing Finance 1122 Broadway, Suite 300 San Diego, California 92101 Attention: Colin Miller Facsimile: (619) 578-7356
with a copy to: (which shall not constitute notice to the Authority)	Office of the San Diego City Attorney 1200 Third Avenue, Suite 1620 San Diego, California 92101 Attention: Marguerite Middaugh Facsimile: (619) 236-7215
with a copy to: (which shall not constitute notice to the Authority)	Jones Hall LLP 4 West 4th Avenue, Suite 406 San Mateo, California 94402 Attention: Brian C. Haroldson Facsimile: (415) 276-2088
The Borrower:	Hillcrest Hall LP 122 East 42nd Street, Suite 1903 New York, New York 10168 Attention: Paul Salib

with a copy to:	Hobson Bernardino + Davis LLP 600 Corporate Pointe, Suite 215 Culver City, California 90230 Attention: Jason A. Hobson, Esq.
with a copy to:	Bold Hillcrest LLC c/o Bold Communities 201 W Garvey Ave., Suite 102 Monterey Park, CA 91754 Attention: Michael Miller
with a copy to:	E. Smith Hillcrest Hall LLC c/o E. Smith & Company, Inc. 2720 5th Avenue, Suite L San Diego, CA 92103 Attention: Reese Jarrett
with a copy to:	Odu & Associates, PC 31805 Temecula Parkway #720 Temecula, CA 92592 Attention: Nkechi Odu, Esq.
If to the Investor Limited Partner:	RSEP Holding, LLC c/o Red Stone Equity Partners, LLC 90 Park Avenue, 28th Floor New York, New York 10016 Attention: General Counsel
with a copy to:	Bocarsly Emden Cowan Esmail & Arndt LLP 633 West Fifth Street, Suite 5880 Los Angeles, California 90071 Attention: Kyle B. Arndt E-Mail Address: karndt@bocarsly.com
If to CDLAC:	California Debt Limit Allocation Committee 901 P Street, Suite 213A Sacramento, California 95814 Attention: Executive Director Email: cdlac@treasurer.ca.gov

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent. Copies of notices sent by any party hereto shall be sent concurrently to the Trustee.

Section 21. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 22. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 23. [Reserved].

Section 24. General Obligation of Borrower; Limitations on Recourse to Borrower. Except as provided in Section 7 of this Regulatory Agreement, no subsequent owner of the Project shall be liable or obligated to pay damages for the breach or default of any obligation of or covenant by any prior owner (including the Borrower) under this Regulatory Agreement. Such obligations are the obligations of the person who was the owner at the time the default or breach was alleged to have occurred, and such owner shall remain liable for any and all damages occasioned thereby even after such person ceases to be the owner of the Project, and no person seeking such damages shall have recourse against the Project or recourse against any of the Borrower's partners, directors, officers, affiliates or agents.

Section 25. Third-Party Beneficiaries. The parties to this Regulatory Agreement recognize and agree that the terms of this Regulatory Agreement and the enforcement of those terms are essential to the security of the owners of the Bonds and are entered into for their benefit. CDLAC is also intended to be and shall be a third-party beneficiary of this Regulatory Agreement to the limited extent that it shall be entitled to enforce, in accordance with Section 15 hereof, the terms of the CDLAC Resolution.

Section 26. Damage, Destruction or Condemnation of the Project. In the event that the Project is damaged or destroyed or title to the property, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the other Documents.

Section 27. CDLAC Requirements. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 and 5 hereof, the Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 27, as follows:

(a) The Borrower shall comply with the CDLAC Resolution, which is attached hereto as Appendix D, and the CDLAC Conditions set forth in Exhibit A thereto (collectively, the "**CDLAC Conditions**"), which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to the Authority:

(i) not later than February 1 of each year, until the Project is completed, and on February 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Certification of Compliance II for Qualified Residential Rental Projects, in substantially the form attached hereto as Appendix E or otherwise required or provided by CDLAC from time to time after the date hereof ("**CDLAC Compliance Certificate**"), executed by an authorized representative of the Borrower; such CDLAC Compliance Certificate shall be prepared pursuant to the terms of the CDLAC Conditions;

(ii) a Certificate of Completion, in substantially the form attached hereto as Appendix F or otherwise required or provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower certifying among other things to the substantial completion of the Project; and

(iii) not later than February 1 of every third year following the submission of the Certificate of Completion, until the later of the end of the Qualified Project Period or the period described in paragraph (c), below, a project status report, as required or provided by the California Tax Credit Allocation Committee or equivalent documentation required or otherwise provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower.

Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions, are the responsibility of the Borrower to report to the Authority.

(b) The Borrower acknowledges that the Authority shall monitor the Borrower's compliance with the terms of the CDLAC Conditions. The Borrower acknowledges that the Authority will prepare and submit to CDLAC, not later than March 1 of each year, until the Project is completed, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Self-Certification Certificate in the form provided by CDLAC. The Borrower will cooperate fully with the Authority in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in Section 11 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least fifty percent (50%) of the units in the Project are first occupied or otherwise after the commencement of the Qualified Project Period.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Project; (ii) any change in the issuer of the Bonds; (iii) any change in the name of the Project or the property manager; (iv) any default under the Indenture, the Loan Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the Tax-Exempt Bonds, and the income and rental requirements as provided in Sections 4 and 5 hereof and the CDLAC Conditions; or (v) termination of this Regulatory Agreement.

(e) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Borrower after the Closing Date, at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of the County of San Diego of a regulatory agreement between Borrower and the California Tax Credit Allocation Committee ("**TCAC Regulatory Agreement**") shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall require the approval of CDLAC in accordance with the terms of the CDLAC Resolution. The Authority may, in its sole and absolute discretion, require the Borrower to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the official real estate records of the County of San Diego. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC Conditions contained in this Section 27 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC

of any requirement of this Section 27 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Authority has received an opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes; and (ii) any requirement of this Section 27 shall be void and of no force and effect if the Authority and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other state or federal law.

Section 28. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2027), the Borrower, on behalf of the Authority, agrees to provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, with a copy to the Authority, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Bonds are no longer Outstanding or (ii) the proceeds of the Bonds have been fully spent.

Section 29. The Trustee. The Trustee shall act as specifically provided herein and no implied duties or obligations shall be read into this Regulatory Agreement against the Trustee, except to the extent as provided in the Indenture. The Trustee shall have no duty to act with respect to enforcement of the Borrower's performance hereunder. The Trustee shall be protected by the provisions in the Indenture.

No provision of this Regulatory Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

After the date on which no Bonds remain Outstanding, as provided in the Indenture, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the Authority.

IN WITNESS WHEREOF, the Authority and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first written hereinabove.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By:_____
[_____]

[signatures continued on next page]

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC, a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and Community Development LLC,
a Delaware limited liability company, its Sole Member

By: _____
Joel Hammer, Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC, a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc., a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett, CEO

By: BOLD HILLCREST LLC, a California limited liability company,
its Managing General Partner

By: Bold Communities, a California nonprofit public benefit corporation,
its Sole Member

By: _____
Michael Miller, President

U.S. Bank Trust Company, National Association, as Trustee

By _____
Name:
Title:

[Notary Pages]

APPENDIX A

LEGAL DESCRIPTION

[Attached]

APPENDIX B

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned, _____, being duly authorized to execute this certificate on behalf of Hillcrest Hall LP, a California limited partnership (the "Borrower"), hereby represents and warrants that:

1. The undersigned has read and is familiar with the provisions of the following documents associated with the Borrower's participation in the Housing Authority of the City of San Diego's (the "Authority") Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) and 2026 Series A-2 (Taxable), such documents including:

(a) the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") dated as of [_____], 1 2026, by and among the Borrower, the Authority, and U.S. Bank Trust Company, National Association (the "Trustee");

(b) the Note (as defined in the Loan Agreement, dated as of [_____], 1 2026, by and among the Borrower, the Trustee, and the Authority (the "Loan Agreement")), dated [CLOSING DATE], 2026, from the Borrower to the Authority, representing the Borrower's obligation to repay the tax-exempt Loan (as defined in the Loan Agreement);

(c) the Note (as defined in the Loan Agreement, dated as of [_____], 1 2026, by and among the Borrower, the Trustee, and the Authority (the "Loan Agreement")), dated [CLOSING DATE], 2026, from the Borrower to the Authority, representing the Borrower's obligation to repay the taxable Loan (as defined in the Loan Agreement); and

(d) the Promissory Note, from the Borrower to the Authority, representing the Borrower's obligation to repay the Borrower Loan (as defined in the Borrower Loan Agreement).

2. As of the date of this certificate, the following percentages of residential units in the Project (i) are occupied by Very Low Income Tenants or Low Income Tenants (as such terms are defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant or Low Income Tenant vacated such unit:

		One-Bedroom Units	Two-Bedroom Units	Three-Bedroom Units	Total
Occupied by Very Low Income Tenants:	% Unit Nos.:	____	____	____	____
Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:	% Unit Nos.:	____	____	____	____
Occupied by Low Income Tenants:	No. of Units:	____	____	____	____
Held vacant for occupancy continuously since last occupied by a Low Income Tenant:	No. of Units:	____	____	____	____

3. The Borrower hereby certifies that to the best of its knowledge the Borrower is not in default under any of the terms of the above documents and no event has occurred which, with the passage of time, would constitute an event of default thereunder, with the exception of the following [state actions being taken to remedy default].

HILLCREST HALL LP,
a California limited partnership

[Borrower signature block to come]

APPENDIX C

INCOME COMPUTATION AND CERTIFICATION

[Attach TCAC Tenant Income Certification]

APPENDIX D

CDLAC RESOLUTION

[attached]

APPENDIX E

CDLAC COMPLIANCE CERTIFICATE

CERTIFICATION of COMPLIANCE II
for QUALIFIED RESIDENTIAL RENTAL PROJECT

Project Name: Hillcrest Hall

Name of Bond Issuer: Housing Authority of the City of San Diego

1. Project Name Change: No____ Yes____
(*If project name has changed since the award of allocation please note the original project name as well as the new project name.*)

If yes provide old and new Project Name _____

2. CDLAC Application No.: 25-599

3. Bond Issuer Change: No____ Yes____
(*If Bond Issuer has changed since the award as a result of refinance or refunding of an allocation please note the original Issuer as well as the new Issuer.*)

If yes provide the Name of existing and New Issuer _____
*Contact Information*_____

4. Change in Borrower No____ Yes____
(*If Borrower has changed since the award affecting the CDLAC resolution please note the original Borrower as well as the new Borrower.)*

If yes provide the Name of the existing and New Borrower _____
Contact Information _____

5. Change in Management Company No____ Yes____
If yes provide the Name of the New Management Company _____

6. Has the Qualified Project Period commenced? No____ Yes____
No____ Yes____ Already Submitted Certification
If yes please submit the Certificate of Qualified Project Period (one time only)

7. Has the project been completed and placed in service?
No____ Yes____ Already Submitted Certification
If yes please submit Completion Certification (one time only)

8. Have any of the following events occurred associated with the bond allocation including but not limited to: defaults associated with rents and income requirements, Bond Default or a Qualified Bond Default.
No____ Yes____

If so, please describe and explain?

9. Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred?

No____ Yes____

If so, please describe and explain?

10.	Federally Bond Restricted Units (Reflected in PSR)	Other Restrictions (Reflected in PSR)	Total (Reported in CDLAC Resolution)
	_____at 50% AMI	_____at 50% AMI	_____at 50% AMI
	_____at 60% AMI	_____at 60% AMI	_____at 60% AMI

11. Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units

Bedroom Type	# of Units in PSR	# of Units in CDLAC Resolution
1 Bedroom	_____	_____
2 Bedroom	_____	_____
3 Bedroom	_____	_____

12. If the Project has committed to and is currently providing the service amenities for a term as specified in the CDLAC resolution, please verify the services are being provided: on a regular and ongoing basis, which are provided free of charge and all hour requirements are being met:

____After-school Programs
____Educational, health and wellness, or skill building classes
____Health and Wellness services and programs (not group classes)
____Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)
____Bona-Fide Service Coordinator/ Social Worker

Is the service being offered on an ongoing basis and provided free of charge (childcare excepted)?

No____ Yes____

Are all hour requirements being met?

No____ Yes____

Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

"Pursuant to Section 13 of Resolution No. 25-214 (the “Resolution”), adopted by the California Debt Limit Allocation Committee (the “Committee”) on August 5, 2025, as revised on September 5, 2025, I, _____, an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be

enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Signature of Officer

Printed Name of Officer

Title of Officer

Date

APPENDIX F

CDLAC COMPLETION CERTIFICATE

CERTIFICATE of COMPLETION
for QUALIFIED RESIDENTIAL RENTAL PROJECTS

1) Project Name: Hillcrest Hall
(*If project name has changed since the award of allocation please note the original project name as well as the new project name.*)

2) CDLAC Application No.: 25-599

3) Name of Bond Issuer: Housing Authority of the City of San Diego

4) Name of Borrower: Hillcrest Hall LP, a California limited partnership
(*If Borrower has changed name since the award please note the original Borrower as well as the new Borrower.*)

5) The undersigned hereby certifies that all work on the Project was substantially completed as of _____ __, 20__

The undersigned hereby further certifies that:

(a) the aggregate amount disbursed on the Loan to date is $_____

(b) all amounts disbursed from proceeds of the Bonds have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) at least 95 percent of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25 percent of the amounts disbursed from the proceeds of the Bonds, exclusive of amounts applied to pay the costs of issuing the Bonds, have been applied to pay or reimburse the Borrower for the cost of acquiring land.

(d) the cost of the bond issuance was equal to or less than 2% of the bond proceeds issued.

6) The undersigned hereby certifies the project meets the general federal rule for a Qualified Project Period.
No____ Yes____

(a) 10% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____ __ , 20__ and

(b) 50% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____ __ , 20__ .

7) If no to 6) the undersigned hereby certifies the project meets the special federal rule for a Qualified Project Period.

No____ Yes____

(Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the project acquisition or the Bonds' Issuance Date.)

(a) Bonds was issued on _____ __, 20___

(b) Property was acquired on _____ __20__

(c) The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or bond issuance)_____ __, 20__

_____

Signature of Officer

_____

Printed Name of Officer

_____

Title of Officer

_____

Phone Number

TRUST INDENTURE

between

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO,
as Issuer

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Dated as of [_____] 1, 2026

relating to:

$[TAXABLE PAR]
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-2 (Taxable)

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EXHIBIT A FORM OF BOND

TRUST INDENTURE

THIS TRUST INDENTURE dated as of [_____] 1, 2026 (this "Indenture"), is made between the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO (together with its successors and assigns, the "Issuer a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State"), created pursuant to Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "Act"), and U.S. Bank Trust Company, National Association, a national banking association organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee"), under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals and granting clauses being used therein as defined in Article I hereof).

RECITALS:

A. The Issuer has been duly created and organized pursuant to and in accordance with the provisions of the Act. The Issuer is authorized by the Act to issue one or more series of its revenue bonds and loan the proceeds thereof to finance, among other things, the acquisition, construction and development of multifamily rental housing for persons and families of low or moderate income;

B. The Issuer has determined to issue its $[TAXABLE PAR] Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) (the "Bonds") to finance costs incurred by Hillcrest Hall LP, a California limited partnership (the "Borrower"), for the acquisition, construction and equipping of an approximately 98-unit (including one manager's unit) multifamily rental housing development to be located within the City of San Diego, California known or to be known as Hillcrest Hall (as more particularly defined herein, collectively, the "Project");

C. Pursuant to and in accordance with the laws of the State, including without limitation, the Act, the Issuer desires to provide funds to finance the acquisition, construction and equipping of the Project by issuing the Bonds in order to provide funds which the Issuer will use to make a loan (the "Loan") to the Borrower to finance a portion of the costs of the Project;

D. In order to provide the funds necessary to enable the Issuer to fund the Loan, the Issuer has, pursuant to the Act, authorized (i) the issuance of the Bonds pursuant to this Indenture for the purpose of providing financing for the Project by making the proceeds of the Bonds available to fund the Loan to the Borrower in the aggregate principal amount of $[TAXABLE PAR], and (ii) the execution and delivery of this Indenture to establish the terms of the Bonds and the security for the Bonds;

E. Pursuant to a Loan Agreement, dated as of [_____] 1, 2026 (the "Loan Agreement"), between the Issuer and the Borrower, the Issuer has agreed to issue the Bonds and lend the proceeds thereof to the Borrower and the Borrower has agreed to (i) apply the proceeds of the Loan to pay a portion of the costs of acquiring, constructing and equipping of the Project, (ii) make payments sufficient to pay the principal of and interest on the Bonds when due (whether

at maturity, by redemption, acceleration or otherwise), and (iii) observe the other covenants and agreements and make the other payments set forth therein;

F. The Issuer and the Borrower are concurrently entering into the Loan Agreement;

G. The Bonds will be secured by, among other property, the following: (i) the Loan Agreement (except for Reserved Rights), (ii) the proceeds of the Bonds, to the extent not disbursed to or for the benefit of the Borrower, (iii) the Revenues and any other moneys received by the Trustee for the Bond Service Charges as provided in this Indenture and the other Financing Documents, (iv) amounts otherwise on deposit in the Funds and Accounts, (v) investment income and (vi) certain other security documents in favor of the Lender;

H. The construction and equipping of the Project will be regulated by, among other documents, the terms of the Loan Agreement and the Regulatory Agreement (defined below);

I The Trustee has the power and authority to enter into this Indenture, to accept trusts and to execute the trusts created by this Indenture, and has accepted the trusts so created, and in evidence of its acceptance has joined in the execution of this Indenture;

J. Concurrently herewith, the Issuer will issue and sell its $18,200,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) (the "Tax-Exempt Bonds"), and use the proceeds thereof to make a loan to the Borrower, upon the terms and conditions of a Trust Indenture dated the date hereof, between the Issuer and the Trustee, and a Loan Agreement dated as of the date hereof, between the Issuer and the Borrower, for purposes of funding a portion of the costs of the Project;

K. In order to provide for restrictions on the use of the Project, the Issuer, the Trustee and the Borrower will execute the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [_____] 1, 2026 (the "Regulatory Agreement"), and cause the Regulatory Agreement to be recorded in the real property records of San Diego County, California;

L. The Issuer has executed this Indenture for the purpose of authorizing and securing the Bonds and prescribing the terms thereof and the conditions, terms, trusts and provisions upon the basis of which the Bonds will be delivered and held;

M. The Bonds, the certificates of registration and authentication to be endorsed on the Bonds and the form of assignment to be endorsed on the Bonds are to be in substantially the forms, with appropriate variations, omissions and insertions as permitted or required by this Indenture described on Exhibit A;

N. All acts and conditions required to happen, exist and be performed precedent to and in the issuance of the Bonds and the execution and delivery of this Indenture have happened, exist and have been performed, or at the delivery of the Bonds will exist, will have happened and will have been performed (i) to make the Bonds, when issued, delivered and authenticated, valid obligations of the Issuer in accordance with the terms thereof and hereof and (ii) to make this

Indenture a valid, binding and legal trust agreement for the security of the Bonds in accordance with its terms; and

O. The Trustee has agreed to accept the trusts herein created upon the terms set forth herein.

AGREEMENT:

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that to secure the payment of Bond Service Charges on the Bonds according to their true intent and meaning, to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained therein and herein, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Holders, and for other good and valuable consideration, the receipt of which is acknowledged, the Issuer has executed and delivered this Indenture and absolutely assigns hereby to the Trustee (except Reserved Rights), and to its successors in trust, and its and their assigns, all right, title and interest of the Issuer in and to (i) the Revenues, including, without limitation, all Loan Payments, deposits of Eligible Funds and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan, (ii) the Special Funds, including all accounts in those Funds and all money deposited therein and the investment earnings on such money, (iii) all right, title and interest of the Issuer in the proceeds derived from the sale of the Bonds, and any securities in which money in the Special Funds are invested, and the proceeds derived therefrom, and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security hereunder by the Issuer or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of this Indenture, (iv) the Note and (v) the Loan Agreement (the foregoing collectively referred to as the "Trust Estate"),

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions hereof,

(a) except as provided otherwise herein, for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds issued or to be issued under and secured by this Indenture,

(b) for the enforcement of the payment of the principal of and interest on the Bonds, when payable, according to the true intent and meaning thereof and of this Indenture, and

(c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Indenture,

in each case, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other by reason of designation, number, date of the Bonds or of authorization, issuance, sale, execution, authentication, delivery or maturity thereof, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under this Indenture and shall be secured equally and ratably hereby, it being intended that the lien and security of this Indenture shall take effect from the date hereof, without regard to the date of the actual issue, sale or disposition of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value; provided, however, that

(i) if the principal of the Bonds and the interest due or to become due thereon shall be well and truly paid, at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the Outstanding Bonds shall have been paid and discharged in accordance with Article VIII hereof,

(ii) if all of the covenants, agreements, obligations, terms and conditions of the Issuer under this Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, and

(iii) then this Indenture and the rights assigned hereby shall cease, determine and be void, except as provided in Section 8.03 hereof with respect to the survival of certain provisions hereof; otherwise, this Indenture shall be and remain in full force and effect.

It is declared that all Bonds issued hereunder and secured hereby are to be issued, authenticated and delivered, and that the Trust Estate assigned hereby is to be dealt with and disposed of under, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Indenture. The Issuer has agreed and covenanted, and agrees and covenants with the Trustee and with each and all Holders, as follows:

ARTICLE I

INCORPORATION OF RECITALS; DEFINITIONS

Section 1.01 Incorporation of Recitals.

The Recitals to this Indenture are, by this reference, incorporated into and deemed a part of this Indenture.

Section 1.02 Definitions.

In addition to the words and terms defined elsewhere in this Indenture or by reference to the Loan Agreement, unless the context or use clearly indicates another meaning or intent:

"Account" means any account within a Fund.

"Act" has the meaning set forth for that term in the Recitals above.

"Act of Bankruptcy" means written notice to the Trustee that the Borrower has become insolvent or has failed to pay its debts generally as such debts become due or has admitted in writing its inability to pay any of its indebtedness or has consented to or has petitioned or applied to any court or other legal authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or that any such trustee, receiver, liquidator or similar official has been appointed or that a petition in bankruptcy, insolvency, reorganization or liquidation proceedings (or similar proceedings) have been instituted by or against the Borrower; provided that, if in the case of an involuntary proceeding, such proceeding is not dismissed within 90 days after commencement thereof.

"Additional Payments" means the amounts required to be paid by the Borrower pursuant to the provisions of Section 4.4 of the Loan Agreement.

"Administrative Expenses" means the Ordinary Trustee Fees and Expenses, the Extraordinary Trustee Fees and Expenses, the Dissemination Agent Fee and the Issuer Fee.

"Administrative General Partner" has the meaning given to such term in the definition of "General Partner" below.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authorized Borrower Representative" means any person who, at any time and from time to time, is designated as the Borrower's authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate revoking such person's authority to act in such capacity. The initial Authorized Borrower Representatives are [_____].

"Authorized Denomination" means (a) so long as the Bonds are rated "BBB-" or higher by a Rating Agency, $5,000 or any integral multiple of $1,000 in excess thereof or (b) at any other time, $100,000 or any amount in excess of $100,000 or the outstanding principal amount of the Bonds, if less.

"Authorized Issuer Representative" means any Designated Officer of the Issuer described in the Bond Resolution and such additional Person or Persons, if any, duly designated by the Issuer in writing to act on its behalf.

"Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as in effect now and in the future, or any successor statute.

"Beneficial Owner" means with respect to the Bonds, the Person owning the Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

"Beneficial Ownership Interest" means the right to receive payments and notices with respect to the Bonds held in a Book-Entry System.

"Bond Counsel" means Jones Hall LLP or other counsel nationally recognized as having an expertise in connection with the exclusion of interest on obligations of states and local governmental units from the gross income of holders thereof for federal income tax purposes.

"Bond Documents" means, collectively, this Indenture, the Loan Agreement, the Regulatory Agreement and the Note.

"Bond Fund" means the Bond Fund created in Section 4.01 hereof.

"Bond Payment Date" means each Interest Payment Date and any other date Bond Service Charges on the Bonds are due, whether at maturity, upon redemption, Mandatory Tender or acceleration or otherwise.

"Bond Proceeds" means the proceeds derived from the issuance, sale and delivery of the Bonds, including the aggregate principal amount of the Bonds and premium deposited with the Trustee pursuant to Section 4.02(a) hereof.

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated [Sale Date], among the Underwriter, the Issuer, and the Borrower.

"Bond Service Charges" means, for any period or payable at any time, the principal of and interest on the Bonds for that period or payable at that time whether due at maturity or upon redemption, Mandatory Tender or acceleration.

"Bond Year" means each annual period of twelve months ending on each anniversary of the Closing Date, or on the Maturity Date or prior redemption in full of the Bonds.

"Bonds" mean the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) of the Issuer authorized pursuant to the Resolution and this Indenture, in an amount not to exceed $[TAXABLE PAR].

"Book-Entry Form" or "Book-Entry System" means, with respect to the Bonds, a form or system, as applicable, under which (a) physical Bond certificates in fully registered form are issued

only to a Depository or its nominee, with the physical Bond certificates "immobilized" in the custody of the Depository and (b) the ownership of book-entry interests in Bonds and Bond Service Charges thereon may be transferred only through a book-entry made by others than the Issuer or the Trustee. The records maintained by others than the Issuer or the Trustee constitute the written record that identifies the owners, and records the transfer, of book-entry interests in those Bonds and Bond Service Charges thereon.

"Borrower" means Hillcrest Hall LP, a California limited partnership, together with any successors or assigns permitted pursuant to the Loan Agreement.

"Borrower Documents" means the Financing Documents and the Mortgage Loan Documents to which the Borrower is a party.

"Business Day" means a day, other than a Saturday or a Sunday or any other day, on which (a) banking institutions in the State or the City of New York or in the city in which the Designated Corporate Trust Office of the Trustee or Remarketing Agent are located or authorized or obligated by law or executive order to be closed, or (b) The New York Stock Exchange is closed.

"Cash Flow Projection" means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Rating Agency, establishing the sufficiency of (a) the amount on deposit in the Special Funds, (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower to pay Bond Service Charges and the Administrative Expenses, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds, (ii) a proposed remarketing of the Bonds, as provided in Section 3.07 hereof, (iii) a release of Eligible Funds from the Negative Arbitrage Account as provided in Section 4.03 hereof, (iv) the purchase, sale or exchange of Eligible Investments as provided in Section 4.10 hereof, or (v) the optional redemption of the Bonds as provided in Section 3.01 hereof, including in the event that the Trustee intends to sell or otherwise dispose of Eligible Investments prior to maturity at a price below par.

"Closing Date" means [Closing Date].

"Code" means the Internal Revenue Code of 1986.

"Collateral Fund" means the Collateral Fund created in Section 4.01 hereof.

"Completion Certificate" means the certificate attached as Exhibit C to the Loan Agreement.

"Completion Date" means the date of completion of the Project evidenced in accordance with the requirements of Section 3.9 of the Loan Agreement.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of [_____] 1, 2026, between the Borrower and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Controlling Holders" means in the case of consent or direction to be given hereunder, the Holders of the majority in aggregate principal amount of the Outstanding Bonds.

"Costs of Issuance" means the "issuance costs" with respect to the Bonds within the meaning of Section 147(g) of the Code.

"Costs of Issuance Fund" means the Costs of Issuance Fund created in Section 4.01 hereof.

"Depository" means, with respect to the Bonds, DTC, until a successor Depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter, Depository shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under a federal law operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of book-entry interests in Bonds or Bond Service Charges thereon, and to effect transfers of book-entry interests in Bonds.

"Designated Corporate Trust Office" means, with respect to the Trustee or the Remarketing Agent, the office of the Trustee or the Remarketing Agent at the respective Notice Address set forth in this Section 1.01 or, solely for purposes of presentation for transfer, payment or exchange of the Bonds, the designated corporate trust operations or agency office of the Trustee in [CITY, STATE], or at such other address as may be specified in writing by the Trustee or the Remarketing Agent, as applicable, as provided in Section 12.03 hereof.

"Dissemination Agent" means U.S. Bank Trust Company, National Association, a national banking association, or any successor, as Dissemination Agent under the Continuing Disclosure Agreement.

"Dissemination Agent Fee" means the fee payable to the Dissemination Agent as compensation for its services and the reimbursement to the Dissemination Agent of its expenses in performing its obligations under the Continuing Disclosure Agreement, which fee is included within the Ordinary Trustee Fees and Expenses; provided, however, the amount of the Dissemination Agent Fee payable under this Indenture is limited to money withdrawn from the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Dissemination Agent Fee pursuant to Section 4.4 of the Loan Agreement.

"DTC" means The Depository Trust Company (a limited purpose trust company), Brooklyn, New York, and its successors or assigns.

"DTC Participant" means any participant contracting with DTC under its Book-Entry system and includes securities brokers and dealers, banks and trust companies and clearing corporations.

"Eligible Funds" means, as of any date of determination, any of:

(a) the proceeds of the Bonds (including any additional amount paid to the Trustee as the purchase price thereof by the Underwriter);

(b) moneys drawn on a letter of credit;

(c) moneys received by the Trustee representing proceeds of the Mortgage Loan;

(d) remarketing proceeds of the Bonds (including any additional amount paid by the Remarketing Agent to the Trustee as the remarketing price of the Bonds) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer or any Affiliate of either the Borrower or the Issuer);

(e) any other amounts for which the Trustee has received an Opinion of Counsel to the effect that the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no Act of Bankruptcy has occurred during such period; and

(g) investment income derived from the investment of the money described in (a) through (f) above.

"Eligible Investments" means, subject to the provisions of Section 4.10, any of the following obligations which mature (or are redeemable at the option of the Trustee without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of this Indenture:

(a) Government Obligations; and

(b) Shares or units in any money market mutual fund rated "Aaa mf" by Moody's (or the equivalent Highest Rating Category given by the Rating Agency for that general category of security) including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor that are registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of direct obligations of the government of the United States of America.

"Event of Default" means (a) with respect to this Indenture, any of the events described as an Event of Default in Section 6.01 hereof and (b) with respect to the Loan Agreement, any of the events described as an Event of Default in Section 7.1 of the Loan Agreement.

"Expense Fund" means the Expense Fund created in Section 4.01 hereof.

"Extension Payment" means the amount due, if any, to provide adequate additional funds for the payment of Bond Service Charges and Administrative Expenses during a Remarketing Period in connection with the change or extension of the Mandatory Tender Date pursuant to Section 3.07 hereof, and which (a) shall be determined by a Cash Flow Projection and (b) must consist of Eligible Funds.

"Extraordinary Issuer Fees and Expenses" means the expenses and disbursements payable to the Issuer under this Indenture for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by the Issuer, Bond Counsel and counsel to the Issuer which are to be paid by the Borrower pursuant to Section 4.4 of the Loan Agreement.

"Extraordinary Services" and "Extraordinary Expenses" mean, respectively, all services rendered and all reasonable expenses properly incurred by the Trustee or the Issuer under the Financing Documents, other than Ordinary Services and Ordinary Expenses. Extraordinary Services and Extraordinary Expenses shall specifically include but are not limited to services rendered or expenses incurred by the Trustee or the Issuer in connection with, or in contemplation of, a default or an Event of Default.

"Extraordinary Trustee Fees and Expenses" means the expenses and disbursements payable to the Trustee under this Indenture for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by the Trustee and the Trustee's counsel which are to be paid by the Borrower pursuant to Section 4.4 of the Loan Agreement.

"Financing Documents" means this Indenture, the Bonds, the Loan Agreement, the Note, the Regulatory Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement and any other instrument or document executed in connection with the Bonds, together with all modifications, extensions, renewals and replacements thereof, but excluding the Mortgage Loan Documents and any secondary financing documents, and any documents relating to low income housing tax credit equity.

"Fiscal Year" means, with respect to a Person, that period beginning on July 1 of each year and ending on June 30 of that year or such other fiscal year as shall be designated by such Person as its annual accounting period.

"Force Majeure" means any of the causes, circumstances or events described as constituting Force Majeure in Section 7.1 of the Loan Agreement.

"Fund" means any fund created under this Indenture.

"General Partner" means, collectively, (i) Bold Hillcrest LLC, a California limited liability company, as the managing general partner (the "Managing General Partner"), (ii) Hillcrest Hall AGP LLC, a California limited liability company, as the co-administrative general partner ("Hillcrest Hall AGP"), (iii) E. Smith Hillcrest Hall LLC, a California limited liability company, as the co-administrative general partner ("E. Smith" and, together with Hillcrest Hall AGP, the "Administrative General Partner"), and/or (iv) any other Person that the partners of the Borrower, selected to be a General Partner of the Borrower.

"Government" shall mean the government of the United States of America, the government of any other nation, any political subdivision of the United States of America or any other nation (including, without limitation, any state, territory, federal district, municipality or possession) and any department, agency or instrumentality thereof; and "Governmental" shall mean of, by, or pertaining to any Government.

"Government Obligations" means (a) noncallable, non-redeemable direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, (b) United States State and Local Government Securities (SLGS), and (c) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a), (b), or (c) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

"Highest Rating Category" means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category, provided that such rating shall include but not be below "Aa1" or "Aa1/VMIG-1" if rated by Moody's or "A-1" or "AA+" if rated by S&P.

"Holder" or "Holder of a Bond" means the Person in whose name a Bond is registered on the Register.

"Indenture" means this Trust Indenture, dated as of [_____] 1, 2026, between the Issuer and the Trustee, as amended or supplemented from time to time.

"Independent" when used with respect to a specified Person means such Person has no specific financial interest direct or indirect in the Borrower or any Affiliate of the Borrower and in the case of an individual is not a director, trustee, officer, partner, member or employee of the Borrower or any Affiliate of the Borrower and in the case of an entity, does not have a partner, director, trustee, officer, member or employee who is a director, trustee, partner, member, officer or employee of any partner or member of the Borrower or any Affiliate of the Borrower.

"Initial Interest Rate" means [_.__]% per annum.

"Initial Mandatory Tender Date" means [_____].

"Initial Remarketing Date" means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Bonds on such date as provided in Section 3.07 hereof are satisfied.

"Interest Payment Date" means (a) [_____] 1 and [_____] 1 of each year, beginning [_____] 1, 2026, (b) each Redemption Date, (c) each Mandatory Tender Date, (d) the Maturity Date and (e) the date of acceleration of the Bonds. In the case of insufficient funds to pay the purchase price on the Bonds following Mandatory Tender on the Initial Mandatory Tender Date, "Interest Payment Date" also means the first Business Day of each month as provided in Section 2.02(b) hereof. In the case of a payment of defaulted interest, "Interest Payment Date" also means the date of such payment established pursuant to Section 2.05 hereof.

"Interest Period" means, initially, the period from the Closing Date to and including [_____], and thereafter, the period commencing on each succeeding Interest Payment Date and ending on the day preceding the next Interest Payment Date.

"Interest Rate" means the Initial Interest Rate to but not including the Initial Mandatory Tender Date, and thereafter the applicable Remarketing Rate.

"Interest Rate for Advances" means the rate per annum which is two percent plus that interest rate announced by the Trustee or one of its affiliates in its lending capacity as a bank as its "Prime Rate" or its "Base Rate."

"Investor Limited Partner" means RSEP Holding, LLC, a Delaware limited liability company, and its permitted successors and assigns.

"Issuer" means the Housing Authority of the City of San Diego, a public body, corporate and politic, duly organized and existing under the laws of the State, and any successor to its rights, duties and obligations.

"Issuer Documents" means the Financing Documents to which the Issuer is a party.

"Issuer Fee" means the "Issuer Annual Fee" of the Issuer in the amount, and payable, as set forth in the Regulatory Agreement.

"Issuer Fees and Expenses" means, collectively, the Issuer Fee and the Extraordinary Issuer Fees and Expenses.

"Lender" means Citibank, N.A., a national banking association, or its successor.

"Loan" means the loan by the Issuer to the Borrower from the proceeds received from the sale of the Bonds.

"Loan Agreement" means the Loan Agreement, dated as of [_____] 1, 2026, between the Issuer and the Borrower, as amended or supplemented from time to time and assigned by the Issuer to the Trustee, except for the Reserved Rights.

"Loan Fee" means the "Issuer Issuance Fee" of the Issuer in the amount, and payable, as set forth in the Regulatory Agreement.

"Loan Payments" means the amounts required to be paid by the Borrower in repayment of its Loan pursuant to the provisions of the Note and Section 4.1 of the Loan Agreement.

"Local Time" means Eastern time (daylight or standard, as applicable) in New York, New York.

"Managing General Partner" has the meaning given to such term in the definition of "General Partner" above.

"Mandatory Tender" means a tender of Bonds required by Section 3.05.

"Mandatory Tender Date" means (a) the Initial Mandatory Tender Date and (b) if the Bonds Outstanding on the Initial Mandatory Tender Date or on any subsequent Mandatory Tender Date are remarketed pursuant to Section 3.07 hereof for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

"Maturity Date" means [_____].

"Maximum Interest Rate" means the interest rate equal to the lesser of (a) 12% per annum, or (b) the maximum interest rate per annum permitted by the applicable law of the State.

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Issuer and the Remarketing Agent.

"Mortgage Loan" means the mortgage loan to be made from the Lender to the Borrower in the principal amount of $[Mortgage Loan] with respect to the Project.

"Mortgage Loan Documents" means the mortgage, the mortgage note and all other documents required by the Lender in connection with the Mortgage Loan.

"Negative Arbitrage Account" means the Negative Arbitrage Account of the Bond Fund created in Section 4.01 hereof.

"Note" means the promissory note of the Borrower, dated as of even date with the Bonds initially issued, in the form attached as Exhibit A to the Loan Agreement and in the principal amount of $[TAXABLE PAR], evidencing the obligation of the Borrower to make Loan Payments.

"Notice Address" means:

To the Issuer:	Housing Authority of the City of San Diego 1122 Broadway, Suite 300 San Diego, California 92121 Attention: Vice President of Multifamily Housing Finance
To the Trustee:	U.S. Bank Trust Company, National Association [_____]
To the Borrower:	Hillcrest Hall LP 122 East 42nd Street, Suite 1903 New York, New York 10168 Attention: Paul A. Salib
with a copy to:	Hobson Bernardino + Davis LLP 600 Corporate Pointe, Suite 215 Culver City, California 90230 Attn: Jason A. Hobson, Esq.
and a copy to:	[_____]
and a copy to:	[_____]
To the Investor Limited Partner:	RSEP HOLDING, LLC, c/o Red Stone Equity Partners, LLC 90 Park Avenue, 28th Floor New York, NY 10016 Attention: General Counsel
with a copy to:	Bocarsly Emden Cowan Esmail & Arndt LLP 633 West Fifth Street, Suite 5880 Los Angeles, California 90071 Attention: Kyle B. Arndt E-Mail Address: karndt@bocarsly.com
To the Underwriter and Remarketing Agent:	Stifel, Nicolaus & Company, Incorporated 1401 Lawrence Street, Suite 900 Denver, CO 80202 Attention: Brad Edgar Telephone: (303) 291-5263 Email: edgarb@stifel.com
With copies to:	Tiber Hudson LLC Attention: Kent Neumann, Esq. Telephone: (202) 973-0107 Email: kent@tiberhudson.com

To the Rating Agency:	Moody's Investors Service, Inc. 250 Greenwich Street, 16th Floor New York, NY 10007 Attn: Public Finance Group – Housing Team Electronic notices shall be delivered to: Housing@moodys.com
To the Lender:	Citibank, N.A. 388 Greenwich Street, Trading 4th Floor New York, NY 10013 Attention: Transaction and Asset Management Group Re: Hillcrest Hall Deal ID No. 50016002 Facsimile: (212) 723-8209
with a copy to:	Citibank, N.A. Transaction and Asset Management Group/Post Closing Citi Community Capital 3800 Citibank Center Tampa, Florida 33610 Re: Hillcrest Hall Deal ID No. 50016002
With a copy to:	Citibank, N.A. 388 Greenwich Street, Trading 4th Floor New York, NY 10013 Attention: Account Specialist Re: Hillcrest Hall Deal ID No. 50016002 Facsimile: (212) 723-8209
And a copy of any notices of default sent to:	Citibank, N.A. 388 Greenwich Street, 17th Floor New York, NY 10013 Attention: General Counsel's Office Re: Hillcrest Hall Deal ID No. 50016002 Facsimile: (646) 291-5754

or such additional or different address, notice of which is given under Section 12.03 hereof.

"Official Statement" means the Official Statement with respect to the Bonds, dated [Sale Date].

"Opinion of Bond Counsel" means a written opinion of Bond Counsel.

"Opinion of Counsel" means a written opinion from an attorney or firm of attorneys (which may be counsel to the Issuer or the Borrower, as applicable), with experience in the matters to be covered in the opinion.

"Optional Call Date" means any date on or after [_____].

"Ordinary Services" and "Ordinary Expenses" mean those services normally rendered, and those expenses normally incurred, by an issuer or a trustee under instruments similar to this Indenture.

"Ordinary Trustee Fees and Expenses" means amounts due to the Trustee for the Ordinary Services and the Ordinary Expenses of the Trustee incurred in connection with its duties under this Indenture, payable in advance on the Closing Date, in an amount equal to the agreed upon fee schedule; provided, however, the amount of Ordinary Trustee Fees and Expenses payable under this Indenture is limited to money withdrawn from the Costs of Issuance Fund and the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Ordinary Trustee Fees and Expenses pursuant to Section 4.4 of the Loan Agreement. In addition, all amounts due to the Trustee for Extraordinary Services and all Extraordinary Expenses of the Trustee will be paid directly by the Borrower pursuant to Section 4.4 of the Loan Agreement.

"Organizational Documents" means the Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of [_____] 1, 2026, as it may be further amended from time to time.

"Outstanding Bonds," "Bonds outstanding" or "outstanding" as applied to Bonds mean, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under this Indenture, except:

(a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;

(b) Bonds, or the portion thereof, for the payment or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee on or prior to that date for that purpose (whether upon or prior to the maturity of those Bonds);

(c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of this Indenture; and

(d) Bonds in lieu of which others have been authenticated under Section 2.07 of this Indenture.

"Permitted Liens" means liens relating to the Project permitted by the Lender.

"Person" or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts,

corporations, limited liability companies, public or governmental bodies, other legal entities and natural persons.

"Plans and Specifications" means the plans and specifications describing the Project as now prepared and as they may be changed as provided in the Loan Agreement.

"Predecessor Bond" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by the particular Bond. For the purposes of this definition, any Bond authenticated and delivered under Section 2.07 hereof in lieu of a lost, stolen or destroyed Bond shall, except as otherwise provided in Section 2.07, be deemed to evidence the same debt as the lost, stolen or destroyed Bond.

"Project" means the acquisition, construction and equipping of that certain 98-unit (including one manager's unit) residential rental housing development located in the City of San Diego, San Diego County, California, on the land more particularly described in the Regulatory Agreement, known or to be known as "Hillcrest Hall." The Project also includes approximately 2,394 square feet of commercial retail space which will be subject to a master lease between the Borrower, as lessor, and an affiliate of the Administrative General Partner, as lessee.

"Project Costs" means the costs of the Project specified in Section 3.6 of the Loan Agreement.

"Project Fund" means the Project Fund created in Section 4.01 hereof.

"Project Purposes" means the making of the Loan by the Issuer to finance the Borrower's construction of the Project.

"Rating Agency" means Moody's, S&P, or any other nationally recognized securities rating agency rating the Bonds, or such rating agency's successors or assigns, and initially means Moody's so long as Moody's is rating the Bonds.

"Rating Category" means one of the rating categories of the Rating Agency for the specific type and duration of the applicable Eligible Investment.

"Redemption Date" means any date upon which Bonds are to be redeemed pursuant to this Indenture.

"Register" means the books kept and maintained by the Trustee for registration and transfer of Bonds pursuant to Section 2.06 hereof.

"Regular Record Date" means, with respect to any Bond, the fifteenth day of the calendar month next preceding each Interest Payment Date.

"Regulatory Agreement" means, the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [_____] 1, 2026, by and among the Issuer, the Trustee and the Borrower, as the same may be amended, modified or supplemented from time to time.

"Remarketing Agent" means, initially, Stifel, Nicolaus & Company, Incorporated, and thereafter any successor Remarketing Agent (which meets the requirements of Section 5.17 hereof) that may be appointed by the Authorized Borrower Representative.

"Remarketing Agent's Fee" means the fee of the Remarketing Agent for its remarketing services.

"Remarketing Agreement" means the Remarketing Agreement, dated as of [_____] 1, 2026, by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

"Remarketing Date" means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to Section 3.07 for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

"Remarketing Expenses" means the costs and expenses, other than Administrative Expenses, incurred by the Trustee and its counsel, the Remarketing Agent and its counsel, the Issuer and its counsel, and Bond Counsel in connection with the remarketing of the Bonds, including bond printing and registration costs, costs of funds advanced by the Remarketing Agent, registration and filing fees, the cost of any Cash Flow Projections or other verification reports, rating agency fees and other costs and expenses incurred in connection with or properly attributable to the remarketing of Bonds as certified to the Trustee by the Remarketing Agent in writing.

"Remarketing Notice Parties" means the Borrower, the Issuer, the Trustee, the Remarketing Agent, the Investor Limited Partner and the Lender.

"Remarketing Period" means the period beginning on a Remarketing Date and ending on the last day of the term for which Bonds are remarketed pursuant to Section 3.07 or the final Maturity Date of the Bonds, as applicable.

"Remarketing Proceeds Account" means the Remarketing Proceeds Account of the Bond Fund created in Section 4.01 hereof.

"Remarketing Rate" means the interest rate or rates established pursuant to Section 2.02(c) and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

"Reserved Rights" of the Issuer means (a) the right of the Issuer to amounts payable to it pursuant to the Loan Agreement and the Regulatory Agreement, (b) all rights which the Issuer or its members, directors, officers, officials, agents or employees may have under this Indenture and the Financing Documents to indemnification by the Borrower and by any other persons and to payments for expenses incurred by the Issuer itself, or its members, directors, officers, officials, agents or employees, (c) the right of the Issuer to receive notices, reports or other information,

make determinations and grant approvals hereunder and under any of the other Financing Documents, (d) all rights of the Issuer to enforce the representations, warranties, covenants and agreements of the Borrower pertaining in any manner or way, directly or indirectly, to the requirements of the Code, the Act or of the Issuer, and set forth in any of the Financing Documents or in any other certificate or agreement executed by the Borrower, (e) all Project and document inspection rights of the Issuer, (f) all rights of the Issuer in connection with any amendment to or modification of any of the Financing Documents, and (g) all enforcement remedies with respect to the foregoing.

"Resolution" means the resolution adopted by the Issuer authorizing the issuance of the Bonds.

"Revenues" means (a) the Loan Payments, (b) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (c) any money and investments in the Special Funds, and (d) all income and profit from the investment of the foregoing money.

"S&P" means S&P Global Ratings, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Issuer and the Remarketing Agent.

"Special Funds" means, collectively, the Bond Fund, the Project Fund and the Collateral Fund, and any accounts therein, all as created in this Indenture.

"Special Record Date" means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest or principal on that Bond.

"State" means the State of California.

"Supplemental Indenture" means any indenture supplemental to this Indenture entered into between the Issuer and the Trustee in accordance with Article VII hereof.

"Tendered Bond" means any Bond which has been tendered for purchase pursuant to a Mandatory Tender.

"Trust Estate" means the property rights, money, securities and other amounts pledged and assigned to the Trustee hereunder pursuant to the granting clauses hereof.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association, or a successor Trustee appointed pursuant to the applicable provisions of this Indenture, and thereafter, "Trustee" shall mean the successor Trustee.

"Undelivered Bond" means any Bond that is required under this Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date but that has not been received on the date such Bond is required to be so delivered.

"Underwriter" means Stifel, Nicolaus & Company, Incorporated.

Section 1.03 Interpretation.

Any reference herein to the Issuer or to any member or officer thereof includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions. Any reference to a section or provision of the Constitution of the State or the Act, or to a section, provision or chapter any statute of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this paragraph, if it constitutes in any way an impairment of the rights or obligations of the Issuer, the Holders, the Trustee or the Borrower under the Bonds, the Financing Documents or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay Bond Service Charges in the amount and manner, at the times, and from the sources provided in this Indenture, except as permitted herein.

Any provision in this Indenture for "direction of the Borrower" or "written direction of the Borrower" shall mean a written direction signed by an Authorized Borrower Representative.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa. The terms "hereof," "hereby," "herein," "hereto," "hereunder," "hereinafter" and similar terms refer to this Indenture; and the term "hereafter" means after, and the term "heretofore" means before, the date of this Indenture. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise.

Section 1.04 Captions and Headings.

The captions and headings in this Indenture are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

Section 1.05 Content of Certificates and Opinions.

Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof made or given by an Authorized Issuer Representative or an Authorized Borrower Representative may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion or representation given by counsel or an accountant, unless such Authorized Issuer Representative or Authorized Borrower Representative, as applicable, knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement is based is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters with respect to which information is in the possession of the Issuer or the Borrower, as applicable, upon a certificate or opinion of or representation by an Authorized Issuer

Representative or Authorized Borrower Representative, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such certificate, opinion or representation is based is erroneous. The same Authorized Issuer Representative or an Authorized Borrower Representative, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel or accountants may certify to different matters.

ARTICLE II

AUTHORIZATION AND TERMS OF BONDS

Section 2.01 Authorization and General Terms of Bonds.

(a) Issuance of Bonds. It is determined to be necessary to, and the Issuer shall, issue, sell and deliver up to $[TAXABLE PAR] principal amount of Bonds for the Project Purposes. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total authorized principal amount of Bonds which may be issued under the provisions of this Indenture is $[TAXABLE PAR].

(b) General Terms. The Bonds shall be designated "Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable)"; shall be in substantially the form as set forth in Exhibit A to this Indenture; shall be lettered "R-1" and shall be numbered consecutively from 1 upward; shall be in Authorized Denominations; and shall be dated the Closing Date.

(c) Registered Form. All Bonds shall be in fully registered form, and, except as provided in Section 2.06 hereof, the Holder of a Bond shall be regarded as the absolute owner thereof for all purposes of this Indenture.

(d) Further Details. The Bonds shall be negotiable instruments in accordance with the Act, and shall express the purpose for which they are issued and any other statements or legends which may be required by law. Each Bond shall be of a single maturity, unless the Trustee shall be directed in writing to authenticate and deliver a Bond of more than one maturity.

Section 2.02 Maturity and Interest.

(a) General. The Bonds shall bear interest on the principal amount Outstanding from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or provided for, from their date of initial delivery, payable on each Interest Payment Date. The Bonds shall bear interest for each Interest Period at the Interest Rate all as more specifically set forth hereinafter. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds shall mature on the Maturity Date, subject to prior redemption as set forth in Section 3.01 hereof and subject to Mandatory Tender for purchase as set forth in Section 3.05 hereof.

(b) Initial Interest Rate. From the date of their initial delivery to but not including the Initial Mandatory Tender Date, the interest rate on the Bonds shall be the Initial Interest Rate per annum. On the Initial Mandatory Tender Date, the Bonds shall be subject to Mandatory Tender pursuant to Section 3.05 hereof. If insufficient funds are available to pay the purchase price on the Bonds following such Mandatory Tender on the Initial Mandatory Tender Date, the Bonds shall be redeemed in accordance with the provisions of Section 3.01(b).

(c) Establishment of Remarketing Rate. The Remarketing Agent shall establish the interest rate on the Bonds Outstanding for each Remarketing Period at the Remarketing Rate in accordance with this Section 2.02. Not less than 10 Business Days preceding each Remarketing Date, the Remarketing Agent, taking into consideration prevailing market conditions, shall, using its best professional judgment, determine the minimum rate(s) of interest which, if borne by the Bonds then Outstanding for the Remarketing Period specified by the Remarketing Agent at the written direction of the Borrower as provided in Section 3.05 hereof, would enable such Bonds to be remarketed at a price equal to 100% of the principal amount of such Bonds. The rate of interest determined in accordance with the previous sentence shall be the Remarketing Rate for the specified Remarketing Period; provided that if the rate of interest so determined for such period would exceed the Maximum Interest Rate, the Bonds Outstanding shall be remarketed for the longest Remarketing Period for which the minimum rate of interest that would enable such Bonds to be remarketed at a price equal to 100% of the principal amount of such Bonds that would not exceed the Maximum Interest Rate. Notwithstanding the foregoing, if the rate of interest so determined for any Remarketing Period would exceed the Maximum Interest Rate, the Bonds Outstanding shall not be remarketed.

(d) Notice of Remarketing Rate. The Remarketing Agent shall, upon determination of the Remarketing Rate and Remarketing Period, immediately (and in no event later than the Business Day following the day on which the Remarketing Agent makes its determination of the Remarketing Rate and the Remarketing Period) give notice of its determination by telephone or electronic mail, promptly confirmed in writing, to the Trustee, the Issuer and the Borrower. The Remarketing Rate and the Remarketing Period shall be conclusive and binding upon the Trustee, the Issuer, the Borrower and the Holders for the purposes of this Indenture.

Section 2.03 Execution and Authentication of Bonds.

The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of an Authorized Issuer Representative. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be that officer before the issuance of the Bond, such signature or the facsimile thereof nevertheless shall be valid and sufficient for all purposes, the same as if he or she had remained in office until that time. Any Bond may be executed on behalf of the Issuer by an officer who, on the date of execution is the proper officer, although on the date of the Bond that person was not the proper officer. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the Bonds. The Bonds may be typewritten, printed, engraved, lithographed or otherwise produced.

No Bond shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this Indenture unless and until a certificate of authentication, substantially

in the form set forth in Exhibit A to this Indenture, has been manually signed by the Trustee. The authentication by the Trustee upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered hereunder and is entitled to the security and benefit of this Indenture. The certificate of the Trustee may be executed by any person authorized by the Trustee, but it shall not be necessary that the same authorized person sign the certificates of authentication on all of the Bonds.

Section 2.04 Source of Payment of Bonds.

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED THEREFOR UNDER THIS INDENTURE. NONE OF THE ISSUER, ANY OF ITS MEMBERS OR ANY PERSON EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. NONE OF THE ISSUER, ITS MEMBERS, THE STATE, OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, ITS MEMBERS, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

Section 2.05 Payment and Ownership of Bonds.

Bond Service Charges shall be payable in lawful money of the United States of America without deduction for the services of the Trustee. Subject to the provisions of Sections 2.09 and 2.10 hereof, (a) the principal of any Bond shall be payable when due to a Holder upon presentation and surrender of such Bond at the Designated Corporate Trust Office of the Trustee or at the office designated in writing by the Trustee, and (b) interest on any Bond shall be paid on each Interest Payment Date by check which the Trustee shall cause to be mailed on that date to the Person in whose name the Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date applicable to that Interest Payment Date on the Register at the address appearing therein.

If and to the extent, however, that the Issuer shall fail to make payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable to the Person who was the Holder of that Bond (or of one or more Predecessor Bonds) as of the applicable Regular Record Date. In that event, except as provided below in this Section, when money becomes available for payment of the interest, (a) the Trustee shall, pursuant to Section 6.06(d) hereof, establish a Special Record Date for the payment of that interest which shall be not more than 15 nor fewer than 10 days prior to the date of the proposed payment, and (b) the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed by first-class mail, postage prepaid, to each Holder at its address as it appears on the Register not

fewer than 10 days prior to the Special Record Date and, thereafter, the interest shall be payable to the Persons who are the Holders of the Bonds (or their respective Predecessor Bonds) at the close of business on the Special Record Date.

Subject to the foregoing, each Bond delivered under this Indenture upon transfer thereof, or in exchange for or in replacement of any other Bond, shall carry the rights to interest accrued and unpaid, and to accrue on that Bond, or which were carried by that Bond.

Except as provided in this Section and the first paragraph of Section 2.07 hereof, (a) the Holder of any Bond shall be deemed and regarded as the absolute owner thereof for all purposes of this Indenture, (b) payment of or on account of the Bond Service Charges on any Bond shall be made only to or upon the order of that Holder or its duly authorized attorney in the manner permitted by this Indenture, and (c) neither the Issuer nor the Trustee shall, to the extent permitted by law, be affected by notice to the contrary. All of those payments shall be valid and effective to satisfy and discharge the liability upon that Bond, including without limitation, the interest thereon, to the extent of the amount or amounts so paid. Notwithstanding anything to the contrary herein or in any of the Bond Documents, the Trustee is authorized to use funds on deposit in the Special Funds, as and when provided, to pay principal and interest on the Bonds when due.

Section 2.06 Registration and Transfer of Bonds.

So long as any of the Bonds remain Outstanding, the registration and transfer of Bonds, as provided in this Indenture, will be maintained and kept by the Trustee at the Designated Corporate Trust Office of the Trustee.

Subject to the provisions set forth above and in Section 2.09 hereof, any Bond may be transferred upon the Register, upon presentation and surrender thereof at the Designated Corporate Trust Office of the Trustee, together with an assignment duly executed by the Holder or its duly authorized attorney in any form. Upon transfer of any Bond and on request of the Trustee, the Issuer shall execute in the name of the transferee, and the Trustee shall authenticate and deliver, a new Bond or Bonds, of any Authorized Denomination or Denominations in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Bonds presented and surrendered for transfer.

In all cases in which Bonds shall be transferred hereunder, the Issuer shall execute, and the Trustee shall authenticate and deliver, Bonds in accordance with the provisions of this Indenture. The transfer shall be made without charge; provided, that the Issuer and the Trustee may make a charge for every exchange or transfer of Bonds sufficient to reimburse them for any tax or excise required to be paid with respect to the transfer. The charge shall be paid before a new Bond is delivered.

All Bonds issued upon any transfer of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Bonds surrendered upon transfer.

At reasonable times and under reasonable regulations established by the Trustee, the Register may be inspected and copied (at the expense of the person making such copies) by the Borrower, the Investor Limited Partner, the Issuer, Holders of at least 50% in aggregate principal amount of the Bonds then Outstanding, or by a designated representative thereof.

Section 2.07 Mutilated, Lost, Wrongfully Taken or Destroyed Bonds.

If any Bond is mutilated, lost, wrongfully taken or destroyed, in the absence of written notice to the Issuer or the Trustee that a lost, wrongfully taken or destroyed Bond has been acquired by a bona fide purchaser, the Issuer shall execute, and the Trustee shall authenticate and deliver, a new Bond of like date, maturity and denomination as the Bond mutilated, lost, wrongfully taken or destroyed; provided, that (a) in the case of any mutilated Bond, the mutilated Bond first shall be surrendered to the Trustee, and (b) in the case of any lost, wrongfully taken or destroyed Bond, there first shall be furnished to the Trustee evidence of the loss, wrongful taking or destruction satisfactory to the Trustee, together with indemnity for the Trustee and the Issuer satisfactory to the Trustee.

If any lost, wrongfully taken or destroyed Bond shall have matured, instead of issuing a new Bond, the Issuer may direct the Trustee to pay that Bond without surrender thereof upon the furnishing of satisfactory evidence and indemnity as in the case of issuance of a new Bond. The Issuer and the Trustee may charge the Holder of a mutilated, lost, wrongfully taken or destroyed Bond their reasonable fees and expenses in connection with their actions pursuant to this Section.

Every new Bond issued pursuant to this Section by reason of any Bond being mutilated, lost, wrongfully taken or destroyed (a) shall constitute, to the extent of the Outstanding principal amount of the Bond lost, mutilated, taken or destroyed, an additional contractual obligation of the Issuer, regardless of whether the mutilated, lost, wrongfully taken or destroyed Bond shall be enforceable at any time by anyone and (b) shall be entitled to all of the benefits of this Indenture equally and proportionately with any and all other Bonds issued and Outstanding hereunder.

All Bonds shall be held and owned on the express condition that the foregoing provisions of this Section are exclusive with respect to the replacement or payment of mutilated, lost, wrongfully taken or destroyed Bonds and, to the extent permitted by law, shall preclude any and all other rights and remedies with respect to the replacement or payment of negotiable instruments or other investment securities without their surrender, notwithstanding any law or statute to the contrary now existing or enacted hereafter.

Section 2.08 Cancellation of Bonds.

Any Bond surrendered pursuant to this Article for the purpose of payment or retirement or for exchange, replacement or transfer shall be cancelled upon presentation and surrender thereof to the Trustee.

Notwithstanding any provision of this Indenture to the contrary, the Issuer, or the Borrower on behalf of the Issuer, may deliver at any time to the Trustee with written instructions for cancellation any Bonds previously authenticated and delivered hereunder, which the Issuer or the

Borrower may have acquired in any manner whatsoever. All Bonds so delivered shall be cancelled promptly by the Trustee. Cancelled Bonds shall be disposed of by the Trustee in accordance with its then customary policies and procedures, or at any earlier time directed by the Issuer. Certification of the surrender and cancellation shall be made to the Issuer by the Trustee upon the written request of the Issuer.

Section 2.09 Special Agreement with Holders.

Notwithstanding any provision of this Indenture or of any Bond to the contrary, at the written direction of the Borrower, the Trustee may enter into an agreement with any Holder providing for making all payments to that Holder of principal of and interest on that Bond or any part thereof (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner other than as provided in this Indenture and in the Bond, without presentation or surrender of the Bond, upon any conditions which shall be satisfactory to the Trustee and the Borrower; provided, that payment in any event shall be made to the Person in whose name a Bond shall be registered on the Register, with respect to payment of principal, on the date such principal is due, and, with respect to the payment of interest, as of the applicable Regular Record Date or Special Record Date, as the case may be.

The Trustee will furnish a copy of each of those agreements to the Issuer and the Borrower. Any payment of principal or interest pursuant to such an agreement shall constitute payment thereof pursuant to, and for all purposes of, this Indenture.

Section 2.10 Book-Entry Only System.

Notwithstanding any provision of this Indenture to the contrary, the Issuer may direct that all Bonds issued hereunder shall be initially issued in a Book-Entry System, registered in the name of a Depository or its nominee as registered owner of the Bonds, and held in the custody of that Depository. Unless otherwise requested by a Depository, a single certificate will be issued and delivered to the Depository for each maturity of Bonds. Beneficial Owners of Bonds in a Book-Entry System will not receive physical delivery of Bond certificates except as provided hereinafter. For so long as a Depository shall continue to serve as securities depository for the Bonds as provided herein, all transfers of Beneficial Ownership Interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring Beneficial Ownership Interests of Bonds is to receive, hold or deliver any Bond certificate; provided; that, if a Depository fails or refuses to act as securities depository for the Bonds, the Issuer shall take the actions necessary to provide for the issuance of Bond certificates to the Holders of such Bonds.

With respect to Bonds registered in the name of a Depository, the Issuer, the Borrower and the Trustee shall have no responsibility or obligation to any participant therein or to any Person on whose behalf any participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, neither the Issuer, the Borrower nor the Trustee shall have any responsibility or obligation with respect to (a) the accuracy of the records of the Depository or any participant therein or any other Person, other than a registered owner of the Bonds, as shown in the Register, or any notice with respect to the Bonds or (b) the payment to any participant in the Depository or

any other Person, other than a registered owner of the Bonds, as shown in the Register, of any amount with respect to principal of or interest on or purchase price of the Bonds.

Replacement Bonds may be issued directly to Beneficial Owners of Bonds other than a Depository, or its nominee, but only in the event that (a) the Depository determines not to continue to act as securities depository for the Bonds (which determination shall become effective no less than 90 days after written notice to such effect to the Issuer and the Trustee); or (b) the Issuer has advised a Depository of its determination (which determination is conclusive as to the Depository and Beneficial Owners of the Bonds) that the Depository is incapable of discharging its duties as securities depository for the Bonds; or (c) the Issuer has determined (which determination is conclusive as to the Depository and the Beneficial Owners of the Bonds) that the interests of the Beneficial Owners of the Bonds might be adversely affected if such book-entry only system of transfer is continued. Upon occurrence of any of the foregoing events, the Issuer and the Borrower shall use commercially reasonable efforts to attempt to locate another qualified securities depository. If the Issuer and the Borrower fail to locate another qualified securities depository to replace the Depository, the Issuer and the Borrower, at the Borrower's expense, shall cause to be authenticated and delivered replacement Bonds, in certificate form, to the Beneficial Owners of the Bonds. In the event that the Issuer makes the determination noted in (b) or (c) above (provided that the Issuer undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Issuer to make any such determination), and has made provisions to notify the Beneficial Owners of Bonds of such determination by mailing an appropriate notice to the Depository, the Issuer and the Borrower shall cause to be issued replacement Bonds in certificate form to Beneficial Owners of the Bonds as shown on the records of the Depository provided to the Issuer.

Upon the written consent of 100% of the Beneficial Owners of the Bonds, the Trustee shall withdraw the Bonds from any Depository and authenticate and deliver Bonds fully registered to the assignees of that Depository or its nominee. If the request for such withdrawal is not the result of any Issuer action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing, preparing and delivering such Bonds) of the persons requesting such withdrawal, authentication and delivery; otherwise such withdrawal, authentication and delivery shall be at the cost and expense of the Borrower.

Whenever, during the term of the Bonds, the beneficial ownership thereof is determined by a book-entry at a Depository, (a) the requirements in this Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate Person or entity to meet the requirements of the Depository as to registering or transferring the book-entry to produce the same effect and (b) delivery of the Bonds will be in accordance with arrangements among the Issuer, the Trustee and the Depository notwithstanding any provision of this Indenture to the contrary.

The Trustee and the Issuer shall enter into any letter of representation with a Depository to implement the Book-Entry System of Bond registration described above.

Neither the Trustee nor any agent shall have any responsibility or liability for any actions taken or not taken by DTC or any successor securities depository.

Section 2.11 Delivery of the Bonds.

Upon the execution and delivery of this Indenture, and satisfaction of the conditions established by the Issuer in the Bond Purchase Agreement for delivery of the Bonds, the Issuer shall execute the Bonds and deliver them to the Trustee with written directions to authenticate them. Thereupon, the Trustee shall authenticate the Bonds and deliver them to the Depository, as further directed by the Underwriter.

Prior to the delivery of any Bonds against payment therefor, the Trustee shall have received the following:

(a) executed counterparts of this Indenture and the other Financing Documents specifically set forth by name in the definition of Financing Documents;

(b) an Opinion of Bond Counsel in substantially the form set forth in the Official Statement;

(c) an Opinion of Counsel for the Borrower in substantially the form set forth in the Bond Purchase Agreement, to the effect that the Borrower Documents have been duly authorized, executed and delivered by the Borrower and are legal, valid and binding agreements of the Borrower in accordance with their respective terms subject to customary qualifications and exceptions;

(d) funds the Trustee is required to receive for deposit pursuant to Section 4.02 hereof; and

(e) such other documents or opinions as the Issuer may reasonably require.

ARTICLE III

REDEMPTION, MANDATORY TENDER AND REMARKETING OF BONDS

Section 3.01 Redemption of Bonds.

The Bonds are subject to redemption prior to their stated maturity as follows:

(a) Optional Redemption. The Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower on any date on or after the later to occur of (i) the date that the Project is placed in service, as certified in writing by the Borrower to the Issuer and the Trustee, and (ii) the Optional Call Date, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the applicable Redemption Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Bond Fund, other than funds in the Negative Arbitrage Account therein, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose

at the direction of the Borrower. In connection with any optional redemption of the Bonds prior to the applicable Mandatory Tender Date, the Trustee is permitted to sell Eligible Investments or redeem Eligible Investments prior to maturity at a price below par only if the Trustee receives, not less than two Business Days prior to the applicable redemption date, a Cash Flow Projection and any Eligible Funds required pursuant to such Cash Flow Projection.

(b) Mandatory Redemption. The Bonds shall be redeemed in whole at a redemption price of 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in Section 3.07(b) or Section 3.07(d) have not been met by the dates and times set forth therein, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the written direction of the Borrower.

(c) Purchase in Lieu of Redemption. At the election of the Borrower upon a redemption in whole of the Bonds, by written notice to the Trustee and the Remarketing Agent given not less than five (5) Business Days in advance of such redemption date, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date and the call for redemption shall be cancelled. The purchase price of Bonds so purchased in lieu of redemption shall be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and any prepayment fee, if due, and shall be payable on the date of redemption thereof. Bonds so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Borrower.

Section 3.02 [Reserved].

Section 3.03 Notice of Redemption.

Unless waived by any Holder of Bonds to be redeemed, notice of redemption shall be given by the Trustee on behalf of the Issuer by mailing a copy of a redemption notice by first-class mail, postage prepaid, to the Holder of each Bond to be redeemed, at the address of such Holder shown on the Register at the opening of business on the fifth day prior to such mailing, not less than 20 days nor more than 30 days prior to the date fixed for redemption. An additional notice of redemption shall be given, as soon as practicable, by first-class mail to the Holder of each Bond which has been so called for redemption (in whole or in part) but has not been presented and surrendered to the Trustee within 30 days following the date fixed for redemption of that Bond. With respect to a mandatory redemption pursuant to Section 3.01(b), the notice of Mandatory Tender provided to Holders pursuant to Section 3.06 shall serve as the notice of redemption required by this Section 3.03 and shall satisfy the requirements of this Section 3.03 and no further notice of redemption will be required to the Holders.

All notices of redemption shall be dated and shall state:

(a) the redemption date,

(b) the redemption price,

(c) if less than all Outstanding Bonds are to be redeemed, the identification by designation, letters, numbers or other distinguishing marks (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(d) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the Designated Corporate Trust Office of the Trustee, and

(f) that the notice of redemption for an optional redemption may be conditioned upon a specified event or condition, including but not limited to there being deposited with the Trustee on or prior to the date of redemption money sufficient to pay the redemption price of the Bonds to be redeemed and, in the case of any redemption premium on Bonds, that there be on deposit Eligible Funds sufficient to pay such redemption premium.

Notices of optional redemption shall be revocable in the event that there is not on deposit with the Trustee prior to the date of redemption money sufficient to pay the redemption price of the Bonds to be redeemed or, in the case of any redemption premium on Bonds, there is not on deposit Eligible Funds sufficient to pay such redemption premium.

If the Bonds are not then held in a Book-Entry System, in addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(a) Each further notice of redemption given hereunder shall contain the information required above for a notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; and (iv) the maturity date of each Bond being redeemed.

(b) Each further notice of redemption shall be sent at least 15 days before the redemption date by electronic mail, registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number (if any) identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Failure to receive notice by mailing or any defect in that notice regarding any Bond, however, shall not affect the validity of the proceedings for the redemption of any other Bond.

Notice of any redemption hereunder with respect to Bonds held under a Book-Entry System shall be given by the Trustee only to the Depository, or its nominee, as the Holder of such Bonds. Selection of Beneficial Ownership Interests in the Bonds called for redemption and notice of the redemption to the Beneficial Owners are the responsibility of the Depository and any failure of such Depository to notify the Beneficial Owners of any such notice and its contents or effect will not affect the validity of such notice of any proceedings for the redemption of such Bonds. Notices of redemption may state that no representation is made as to the accuracy or correctness of the CUSIP numbers provided therein or on the Bonds. The Issuer will promptly notify the Trustee in writing of any change in the CUSIP numbers.

Section 3.04 Payment of Redeemed Bonds.

Notice having been mailed in the manner provided in Section 3.03 hereof, the Bonds and portions thereof called for redemption shall become due and payable on the Redemption Date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price, including interest accrued to the Redemption Date.

Upon the payment of the price of Bonds being redeemed or prepaid, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed or prepaid with the proceeds of such check or other transfer.

If money for the redemption of all of the Bonds and portions thereof to be redeemed, together with interest accrued thereon to the Redemption Date, is held by the Trustee on the Redemption Date, so as to be available therefor on that date and if notice of redemption has been deposited in the mail as aforesaid, then from and after the Redemption Date those Bonds and portions thereof called for redemption shall cease to bear interest and no longer shall be considered to be Outstanding hereunder. If such money shall not be so available on the Redemption Date, or that notice shall not have been deposited in the mail as aforesaid, those Bonds and portions thereof shall continue to bear interest, until they are paid, at the same rate as they would have borne had they not been called for redemption.

All money deposited in the Bond Fund and held by the Trustee for the redemption, purchase or prepayment of particular Bonds shall be held in trust for the account of the Holders thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds.

Section 3.05 Mandatory Tender.

(a) Purchase of Bonds on Mandatory Tender Dates. All Outstanding Bonds shall be subject to Mandatory Tender by the Holders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Bond shall be payable in lawful money of the United States of America by wire, check or draft shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date, and shall be paid in full on the applicable Mandatory Tender Date.

(b) Holding of Tendered Bonds. While tendered Bonds are in the custody of the Trustee pending purchase pursuant hereto, the tendering Holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Bonds had not been tendered for purchase.

(c) Effect of Prior Redemption. Notwithstanding anything herein to the contrary, any Bond tendered under this Section 3.05 will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

(d) Purchase of Tendered Bonds. The Trustee shall utilize amounts representing proceeds of remarketed Bonds on deposit in the Remarketing Proceeds Account to pay the principal amount, plus accrued interest, of Bonds tendered for purchase not later than 2:30 p.m. Local Time on the Mandatory Tender Date.

(e) Cancellation of Remarketing. In the event the Bonds must be redeemed as a result of the occurrence of any of the events listed in Section 3.01(b), the remarketing shall be cancelled and all Bonds outstanding on the Mandatory Tender Date shall be redeemed in accordance with Section 3.01(b).

(f) Undelivered Bonds. Bonds shall be deemed to have been tendered for purposes of this Section 3.05 whether or not the Holders shall have delivered such Undelivered Bonds to the Trustee, and subject to the right of the Holders of such Undelivered Bonds to receive the purchase price of such Bonds on the Mandatory Tender Date, such Undelivered Bonds shall be null and void. If such Undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Undelivered Bonds.

Section 3.06 Notice of Mandatory Tender.

(a) Notice to Holders. No later than the 30th day prior to a Mandatory Tender Date, the Trustee shall give written notice of a mandatory tender on the Mandatory Tender Date to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Issuer, the Investor Limited Partner, and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (A) if certain conditions are met, all Outstanding Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender

Date, (B) all Outstanding Bonds must be tendered for purchase no later than 12:00 Noon, Local Time, on the Mandatory Tender Date and (C) Holders will not have the right to elect to retain their Bonds;

(ii) the address of the Designated Corporate Trust Office of the Trustee at which Holders should deliver their Bonds for purchase and the date of the required delivery;

(iii) that all Outstanding Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date;

(iv) that if, in the event that the conditions to remarketing set forth in Section 3.07(b) or Section 3.07(d) are not met as set forth therein, or, if proceeds from the remarketing are insufficient to pay the purchase price of the Bonds on the Mandatory Tender Date, all of the Bonds will be redeemed, without further notice, on the Mandatory Tender Date; and

(v) that any Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.

(b) Second Notice. In the event that any Bond required to be delivered to the Trustee for payment of the purchase price of such Bond shall not have been delivered to the Trustee on or before the 30th day following a Mandatory Tender Date, the Trustee shall mail a second notice to the Holder of the Bond at its address as shown on the Register setting forth the requirements set forth in this Indenture for delivery of the Bond to the Trustee and stating that delivery of the Bond to the Trustee (or compliance with the provisions of this Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price applicable to the Bond.

(c) Failure to Give Notice. Neither failure to give or receive any notice described in this Section 3.06, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in this Section 3.06.

Section 3.07 Remarketing of Bonds.

(a) Notice of Mandatory Tender. No later than 11:00 a.m. Local Time on the 60th day prior to each Mandatory Tender Date, the Trustee shall give notice to the Borrower, Investor Limited Partner and the Remarketing Agent by telephone or electronic mail, confirmed on the same day in writing, which states that all Outstanding Bonds shall be tendered or deemed to be tendered pursuant to Section 3.05 hereof.

(b) Preliminary Conditions to Remarketing. No later 11:00 a.m. Local Time on the 45th day prior to the Mandatory Tender Date then in effect, the Borrower may give notice to the Remarketing Notice Parties by telephone or electronic mail, confirmed on the same day in writing, that it elects to cause the Bonds to be remarketed. A remarketing of the Bonds shall be permitted

only if the following conditions are satisfied no later than the time the foregoing election notice is given:

(i) notice by the Borrower to the Remarketing Agent of the Remarketing Period pursuant to Section 3.10 of the Loan Agreement, approved in writing by the Remarketing Agent;

(ii) delivery to the Trustee, the Rating Agency and the Remarketing Agent of a preliminary Cash Flow Projection with respect to the proposed Remarketing Period;

(iii) the Borrower shall have notified the Trustee in writing that it has approved as to form and substance any disclosure document or offering materials which, in the Opinion of Counsel to the Remarketing Agent, are necessary to be used in connection with the remarketing of the Outstanding Bonds; and

(iv) delivery to the Trustee and the Remarketing Agent of (A) Eligible Funds in the amount of the estimated Extension Payment set forth in the preliminary Cash Flow Projection and (B) the estimated Remarketing Expenses.

If the foregoing conditions are not satisfied by 11:00 a.m. Local Time on the 45th day prior to the Mandatory Tender Date then in effect, the remarketing shall be cancelled and the Bonds shall be redeemed in accordance with Section 3.01(b).

(c) Remarketing. No later than the 15th day prior to each Mandatory Tender Date, the Remarketing Agent shall offer for sale and use its best efforts to sell the Bonds Outstanding on the Mandatory Tender Date at a price equal to 100% of the principal amount of such Bonds plus accrued interest on such Bonds. No later than the Business Day following the day on which the Remarketing Agent makes its determination of the Remarketing Rate and the Remarketing Period, the Remarketing Agent shall give notice, by telephone or electronic mail, promptly confirmed in writing, to the Remarketing Notice Parties specifying the principal amount of Bonds, if any, it has remarketed (including Bonds to be purchased on the Mandatory Tender Date for its own account), the Remarketing Rate(s) and the Remarketing Period applicable to the Bonds.

The Remarketing Agent shall have the right to remarket the Bonds tendered pursuant to Section 3.05 hereof; provided, however, that no Bond shall be remarketed unless all of the Outstanding Bonds are remarketing and all such Bonds shall be remarketed at a price not less than the amount equal to 100% of the principal amount thereof plus accrued interest (if any). The Remarketing Agent shall have the right to purchase any Bond tendered or deemed tendered pursuant to Section 3.05 hereof at the purchase price thereof, and to thereafter sell such Bond. Any such purchase shall constitute a remarketing hereunder.

The Remarketing Agent shall not remarket any Bond to the Issuer, the Borrower, any guarantor of the Bonds or any person which is an "insider" of the Issuer, the Borrower, or any such guarantor within the meaning of the Bankruptcy Code.

(d) Final Conditions to Remarketing. If, no later than the 10th day prior to a Mandatory Tender Date:

(i) the Remarketing Agent shall have notified the Trustee in writing of the remarketing of the Outstanding Bonds and that the proceeds from the remarketing (including proceeds of remarketing of Outstanding Bonds to be purchased by the Remarketing Agent on the Mandatory Tender Date for its own account) or other funds equal to the amount needed to purchase the remarketed Bonds on the Mandatory Tender Date are expected to be available to the Trustee on the Mandatory Tender Date for deposit into the Remarketing Proceeds Account;

(ii) there shall be on deposit with the Trustee, from funds provided by or on behalf of the Borrower, any additional amount required to pay the Extension Payment and the estimated Remarketing Expenses;

(iii) the Trustee shall have received written confirmation that the Rating Agency shall have received and approved a Cash Flow Projection based on the interest rate(s) to be in effect with respect to the Outstanding Bonds on and after the Mandatory Tender Date; and

(iv) the Trustee shall have received written notice from the Remarketing Agent that the Remarketing Agent has received written confirmation from the Rating Agency that the then current rating assigned to the Outstanding Bonds will continue to be effective on the Remarketing Date;

then the Trustee shall promptly give notice, by telephone or electronic mail, which notice shall be promptly confirmed in writing, to the Remarketing Agent, the Borrower and the Investor Limited Partner that (a) all conditions precedent to the remarketing of the Outstanding Bonds have been satisfied and (b) the sale and settlement of the Outstanding Bonds is expected to occur on the Mandatory Tender Date. Following the Trustee's notice, the Outstanding Bonds shall be sold to the purchasers identified by the Remarketing Agent for delivery and settlement on the Mandatory Tender Date, and the Trustee shall apply (i) the funds in the Remarketing Proceeds Account of the Bond Fund on the Remarketing Date to payment of the purchase price of the Outstanding Bonds and (ii) the funds in the Expense Fund to payment of the Remarketing Expenses.

(e) Remarketing Proceeds. No later than 11:00 a.m. Local Time on each Mandatory Tender Date, the Remarketing Agent shall pay to the Trustee, in immediately available funds, the proceeds theretofore received by the Remarketing Agent from the remarketing of Bonds tendered for purchase on such Mandatory Tender Date. The proceeds from the remarketing of the Bonds shall be deposited in the Remarketing Proceeds Account, segregated from any funds of the Borrower and the Issuer and shall in no case be considered to be or be assets of the Borrower or the Issuer. Funds representing remarketing proceeds received by the Remarketing Agent after 11:00 a.m. Local Time on each Mandatory Tender Date shall be paid to the Trustee as soon as practicable upon such receipt.

(f) Delivery of Purchased Bonds. No later than the 10th day prior to each Mandatory Tender Date, the Remarketing Agent, by telephonic advice or electronic mail, shall notify the Trustee of (i) the principal amount of Bonds to be sold by the Remarketing Agent pursuant to this Section 3.07 and the purchase price, and, unless the Bonds are then in the Book-Entry System, the names, addresses and social security numbers or other tax identification numbers of the proposed purchasers thereof and (ii) the principal amount of Bonds tendered for purchase on such Mandatory Tender Date which will not be sold by the Remarketing Agent pursuant to this Section 3.07. Such telephonic advice shall be confirmed by written notice delivered or electronically communicated at the same time as the telephonic advice.

Bonds purchased by the Trustee on a Mandatory Tender Date that have been remarketed shall be delivered to the purchasers thereof as directed by the Remarketing Agent. Bonds delivered as provided in this Section shall be registered in the manner directed by the recipient thereof.

Section 3.08 Cancellation of Bonds.

The Trustee shall promptly cancel Bonds if the tender price of the Bonds is paid from amounts other than proceeds derived from the remarketing of the Bonds.

ARTICLE IV

REVENUES AND FUNDS

Section 4.01 Creation of Funds.

There are hereby established with the Trustee the following Funds and Accounts to be held in trust and maintained by the Trustee under this Indenture:

(a) the Bond Fund, and therein the Negative Arbitrage Account and the Remarketing Proceeds Account (but only at such times as money is to be deposited or held in such Accounts as provided in this Indenture);

(b) the Project Fund;

(c) the Costs of Issuance Fund;

(d) the Collateral Fund;

(e) [reserved]; and

(f) the Expense Fund.

Each fund and account therein shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in this Indenture. All money deposited in the funds and accounts created hereunder shall be used solely for the purposes set forth in this Indenture. The Trustee shall keep and maintain adequate records

pertaining to each fund and account, and all disbursements therefrom, in accordance with its general practices and procedures in effect from time to time. The Trustee may also terminate funds and accounts that are no longer needed.

The Trustee shall, at the written direction of an Authorized Borrower Representative and may, in its discretion, establish such additional accounts within any fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Indenture with respect to a deposit or use of money in the Special Funds, or result in commingling of funds not permitted hereunder.

Section 4.02 Allocation of Bond Proceeds and Other Deposits.

(a) Allocation of Bond Proceeds. The proceeds of the issuance, sale and delivery of the Bonds, including the aggregate principal amount of $[TAXABLE PAR], shall be deposited by the Trustee to the Project Fund.

(b) [Reserved].

(c) No Allocation of Funds to the Costs of Issuance Fund. There will be no deposit of funds on the Closing Date to the Costs of Issuance Fund.

(d) Deposit into Collateral Fund. On the Closing Date, the Borrower shall deposit, or cause to be deposited, with the Trustee, Eligible Funds in the amount of $[Collateral Fund Deposit] which the Trustee shall deposit into the Collateral Fund.

(e) Deposit into the Negative Arbitrage Account. On the Closing Date, the Borrower shall deposit, or cause to be deposited, with the Trustee, Eligible Funds in the amount of $[Negative Arbitrage Deposit] which the Trustee shall deposit into the Negative Arbitrage Account.

Section 4.03 Bond Fund.

On the Closing Date, there shall be deposited into the Negative Arbitrage Account of the Bond Fund the amount set forth in Section 4.02 hereof. The portion of any Extension Payment received by the Trustee in connection with a remarketing in accordance with Section 3.07 hereof designated for the payment of Bond Service Charges shall also be deposited into the Negative Arbitrage Account.

So long as there are any Outstanding Bonds, to the extent the Borrower has not received a credit against Loan Payments, all Loan Payments under the Loan Agreement shall be paid by the Borrower on or before each Interest Payment Date directly to the Trustee, and deposited into the Bond Fund, in at least the amount necessary to pay the Bond Service Charges due on the Bonds on such Interest Payment Date.

The Bond Fund (and accounts therein for which provision is made in this Indenture) and the money and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Service Charges as they become due.

Bond Service Charges shall be payable, as they become due, in the following order (a) from money on deposit in the Bond Fund (other than the Negative Arbitrage Account within the Bond Fund), (b) from money on deposit in the Negative Arbitrage Account within the Bond Fund, (c) from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (d) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Upon receipt by the Trustee of a Cash Flow Projection provided on behalf of the Borrower, the Trustee is authorized by the Indenture to release from the Negative Arbitrage Account the amount set forth in the Cash Flow Projection to be released to or at the written direction of the Borrower from such account.

Section 4.04 Project Fund.

Upon the deposit of Eligible Funds into the Collateral Fund as provided in Section 4.06 hereof, and subject to the provisions of this Section 4.04, the Trustee shall disburse a corresponding amount of the Bond proceeds on deposit in the Project Fund to, or at the written direction of, the Lender if such disbursement is in connection with advances of proceeds of the Mortgage Loan for payment of Project Costs in accordance with Section 3.6 of the Loan Agreement; provided, however, to the extent money on deposit in the Project Fund is invested in Eligible Investments, the Trustee is hereby authorized to make the following allocations and exchanges, which allocations and exchanges shall occur prior to the disbursement of amounts on deposit in the Project Fund to pay Project Costs: (i) allocate all or a portion of the Eligible Investments in the Project Fund, in the amount specified in the request for disbursement, to the Collateral Fund and (ii) transfer a like amount from the Collateral Fund to the Project Fund. To the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund or the Collateral Fund, the Trustee shall transfer from the Project Fund to the Bond Fund sufficient money to pay Bond Service Charges on each Interest Payment Date without further written direction. The Trustee shall not deposit Eligible Funds into the Collateral Fund unless it is prepared to immediately disburse a like amount from the Project Fund for the Payment of Project Costs. If the Trustee is not prepared to do so, it shall notify the Lender or other provider of Eligible Funds, as applicable, and return the Eligible Funds to the Lender or other provider of Eligible Funds, as applicable, in the respective amounts provided by such Lender or other provider of Eligible Funds, as applicable.

The Trustee shall cause to be kept and maintained records pertaining to the Project Fund and all disbursements therefrom. If requested by the Issuer, the Investor Limited Partner or the Borrower, after the Project has been completed and a Completion Certificate is filed as provided in Section 4.07 hereof, the Trustee shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Issuer, the Managing General Partner and the Investor

Limited Partner. The Trustee shall satisfy this obligation by providing statements for all periods in which there are funds in the Project Fund.

Notwithstanding any provision of the Loan Agreement or any other provision of this Indenture to the contrary and except to make necessary interest payments, the Trustee shall not disburse money from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited in the Collateral Fund. Prior to making any disbursement (except to the extent necessary to pay Bond Service Charges), the Trustee shall determine that the aggregate principal amount that will be held in (a) the Collateral Fund and (b) the Project Fund, after the anticipated disbursement, is at least equal to the then-Outstanding principal amount of the Bonds, together with any original issue premium deposited therein pursuant to Section 4.02(a) hereof.

On the earlier of the Maturity Date or any Mandatory Tender Date with respect to which the Bonds are not remarketed, the Trustee shall transfer any amounts then on deposit in the Project Fund into the Bond Fund to pay Bond Service Charges on the Bonds.

Upon the occurrence and continuance of an Event of Default hereunder because of which the principal amount of the Bonds has been declared to be due and immediately payable pursuant to Section 6.03 hereof, any money remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

Section 4.05 Costs of Issuance Fund.

Amounts on deposit in the Costs of Issuance Fund shall be used by the Trustee to pay costs of issuance as directed in writing by the Authorized Borrower Representative. Any amounts remaining on deposit in the Costs of Issuance Fund 30 days after the Closing Date shall be promptly returned to the Borrower or disbursed at the written direction of the Borrower and the Costs of Issuance Fund shall thereupon be closed.

Section 4.06 Collateral Fund.

The Trustee shall deposit into the Collateral Fund all Eligible Funds received pursuant to Section 4.2 of the Loan Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. Section 4.2 of the Loan Agreement requires the Borrower to cause Eligible Funds to be paid to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee to pay Project Costs.

Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions hereof.

The Trustee shall transfer money in the Collateral Fund as follows: (i) on each Bond Payment Date, to the Bond Fund, the amount necessary to pay Bond Service Charges due on such Bond Payment Date (to the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund); (ii) on the Mandatory Tender Date, to the Bond Fund, the

amount necessary to pay the redemption price of the Bonds, if the Bonds are not remarketed on any Mandatory Tender Date; and (iii) on the Maturity Date of the Bonds, to the Bond Fund the amount necessary to pay all amounts due on the Bonds on such date.

On the earlier of the Maturity Date or any Mandatory Tender Date with respect to which the Bonds are not remarketed, the Trustee shall transfer all amounts then on deposit in the Collateral Fund into the Bond Fund to pay Bond Service Charges on the Bonds.

Amounts on deposit in the Collateral Fund in excess of the amount required to pay Bond Service Charges after payment in full of the Bonds may be transferred to the Project Fund and used to pay costs of the Project as provided in Section 3.6 of the Loan Agreement.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Bond Fund and applied to the payment of the principal of any of the Bonds, or the principal component of the redemption price of any of the Bonds, all as provided in this Indenture.

Section 4.07 Completion of the Project.

The completion of the Project and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of the Completion Certificate required by Section 3.9 of the Loan Agreement. As soon as practicable after the filing with the Trustee of the Completion Certificate, any balance remaining in the Project Fund (other than the amounts retained by the Trustee as described in the Completion Certificate) shall be deposited or applied in accordance with the written direction of the Authorized Borrower Representative pursuant to Section 3.6 of the Loan Agreement.

Section 4.08 Expense Fund.

The portion of any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to Section 3.07 hereof designated for the payment of Administrative Expenses shall be deposited in the Expense Fund. The Trustee shall apply money on deposit in the Expense Fund from time to time solely for the following purposes, on the dates specified below, in the following order of priority:

(a) [reserved];

(b) to pay the Ordinary Trustee's Fees and Expenses and the Extraordinary Trustee Fees and Expenses when due;

(c) to pay the Dissemination Agent Fee when due;

(d) to pay the Issuer Fee when due; and

(e) to pay the Issuer Fees and Expenses not previously paid.

To the extent money in the Expense Fund is not sufficient to pay the foregoing fees and expenses, such deficiency shall be paid by the Borrower pursuant to Section 4.4 of the Loan Agreement immediately upon written demand.

Section 4.09 [Reserved].

Section 4.10 Investment of Special Funds.

Except as otherwise set forth in this Section, moneys in the Special Funds shall be invested and reinvested by the Trustee in Eligible Investments at the oral or written direction (promptly confirmed in writing, if oral) of the Authorized Borrower Representative (such direction to specify the particular investment to be made).

Investments of moneys in the Bond Fund shall mature or be redeemable at par at the times and in the amounts necessary to provide moneys to pay Bond Service Charges on the Bonds. Each investment of moneys in the Project Fund will mature or be redeemable without penalty at such time as may be necessary to make payments from the Project Fund, including on each Interest Payment Date, Mandatory Tender Date, Redemption Date or the Maturity Date. Any of those investments may be purchased from or sold to the Trustee, the registrar, an authenticating agent or a paying agent, or any bank, trust company or savings and loan association affiliated with any of the foregoing. The Trustee shall sell or redeem investments credited to the Special Funds to produce sufficient moneys applicable hereunder to and at the times required for the purposes of paying Bond Service Charges when due as aforesaid, and will do so without necessity for any order on behalf of the Issuer and without restriction by reason of any order. The Trustee is permitted to invest in Eligible Investments that mature on or before the Initial Mandatory Tender Date but is not permitted to sell or otherwise dispose of such Eligible Investments prior to maturity at a price below par without first receiving from the Borrower, at the Borrower's expense, (i) a Cash Flow Projection and (ii) Eligible Funds (excluding, however, proceeds of the Bonds), if any, as set forth in the Cash Flow Projection. An investment made from moneys credited to the Special Funds will constitute part of that respective Fund. All investment earnings from amounts on deposit in the Special Funds shall be credited to the Bond Fund. All gains resulting from the sale of, or income from, any investment made from moneys credited to the Special Funds shall be credited to and become part of the Bond Fund. Notwithstanding the foregoing, any moneys held under this Indenture without the written direction of the Authorized Borrower Representative shall be invested in Eligible Investments. If the Trustee is required to sell or otherwise dispose of any Eligible Investments prior to maturity, the Borrower shall, at the Borrower's expense, deliver to the Trustee (i) a Cash Flow Projection and (ii) Eligible Funds in the amount set forth in such Cash Flow Projection, if any. Following the Closing Date, at the direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Eligible Investments with a Cash Flow Projection. Notwithstanding anything herein to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for the purpose of paying Bond Service Charges shall be held uninvested and (ii) Bond proceeds and the amounts in the Negative Arbitrage Account shall be held uninvested until the Trustee has purchased, sold or exchanged Eligible Investments.

The Trustee shall have no liability whatsoever for any loss, fee, tax or other charge incurred in connection with any investment, reinvestment or liquidation of an investment hereunder.

Section 4.11 Money to Be Held in Trust.

Except where money has been deposited with or paid to the Trustee pursuant to an instrument restricting its application to particular Bonds, all money required or permitted to be deposited with or paid to the Trustee under any provision of this Indenture or the Note, and any investments thereof, shall be held by the Trustee in trust. All money described in the preceding sentence held by the Trustee shall be subject to the lien of this Indenture while so held.

The money in any fund or account established under this Indenture shall be subject to the unclaimed property laws of the State.

Section 4.12 Valuation.

For the purpose of determining the amount on deposit to the credit of any Special Fund, the value of obligations in which money in such Fund or Account shall have been invested shall be computed at the then market value thereof based on such public pricing sources as shall generally be available to the Trustee. The Trustee shall have no liability for the accuracy of any such valuation.

The Eligible Investments shall be valued by the Trustee at any time requested by the Authorized Borrower Representative on reasonable written notice to the Trustee (which period of notice may be waived or reduced by the Trustee); provided, however, that the Trustee shall not be required to value the Eligible Investments more than once in any calendar month (including brokers and dealers in Securities).

Section 4.13 Nonpresentment of Bonds.

In the event that any Bond shall not be presented for payment when the principal thereof becomes due, or a check for interest is uncashed, if money sufficient to pay the principal then due of that Bond or of such check shall have been made available to the Trustee for the benefit of its Holder, all liability of the Issuer to that Holder for such payment of the principal then due of the Bond or of such check thereupon shall cease and be discharged completely. Thereupon, it shall be the duty of the Trustee to hold such money, without liability for interest thereon, in a separate account in the Bond Fund for the exclusive benefit of the Holder, who shall be restricted thereafter exclusively to such money for any claim of whatever nature on its part under this Indenture or on, or with respect to, the principal then due of that Bond or of such check.

If any of such money remains unclaimed by the Holder of a Bond not presented for payment or check or draft not cashed for a period ending the earlier of (a) two (2) years after it becomes payable or distributable or (b) one day less than the applicable escheat laws of the State, the Trustee shall comply with the unclaimed property laws of the State, and all liability of the Issuer, the Borrower and the Trustee to the Holders for the payment of such Bond shall forthwith cease, determine and be completely discharged.

Section 4.14 Repayment to the Borrower from the Special Funds.

On any Mandatory Tender Date, any amounts in the Bond Fund, or if no such Remarketing Period has been established, the Maturity Date (assuming [0.00]% interest earnings on all deposits) shall, upon written instruction to the Trustee from the Borrower, be paid to or at the written direction of the Borrower.

Except as provided in Section 4.13 hereof, any amounts remaining in the Special Funds (a) after all of the Outstanding Bonds shall be deemed paid and discharged under the provisions of this Indenture, and (b) after payment of all fees, charges and expenses of the Trustee and the Issuer and of all other amounts required to be paid under this Indenture, the Loan Agreement, the Regulatory Agreement and the Note, shall be paid to the Borrower, to the extent that those amounts are in excess of those necessary to effect the payment and discharge of the Outstanding Bonds.

ARTICLE V

THE TRUSTEE AND REMARKETING AGENT

Section 5.01 Trustee's Acceptance and Responsibilities.

The Trustee accepts the trusts imposed upon it by this Indenture, and agrees to observe and perform the duties of the Trustee under this Indenture, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Holders agree.

(a) Prior to the occurrence of an Event of Default (as defined in Section 6.01 hereof) of which the Trustee has been notified, as provided in paragraph (f) of Section 5.02 hereof, or of which by that paragraph the Trustee is deemed to have actual notice, and after the cure or waiver of all Events of Default which may have occurred,

(i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in this Indenture, and no duties or obligations shall be implied to the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified, or is deemed to have notice pursuant to Section 5.02(f) hereof), the Trustee shall exercise those rights and powers vested in it by this Indenture and shall 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 their own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(i) this Subsection shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (a)(i) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (a)(ii) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or satisfactory indemnity against such risk or liability is not reasonably assured to it.

(d) The Trustee may enforce, in its name or in the name of the Issuer, all rights of the Issuer for and on behalf of the Holders, except for Reserved Rights, and may enforce all covenants, agreements and obligations of the Borrower under and pursuant to the Loan Agreement, regardless of whether the Issuer is in default in the pursuit or enforcement of those rights, covenants, agreements or obligations.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 5.01.

Section 5.02 Certain Rights and Obligations of the Trustee.

Except as otherwise provided in Section 5.01 hereof:

(a) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees (but shall be answerable therefor only in accordance with the standard specified above), (ii) shall be entitled to the advice of counsel, of its selection, concerning all matters of trusts hereof and duties hereunder, and (iii) may pay

reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Issuer or the Borrower) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice.

(b) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:

(i) any recital in the Financing Documents,

(ii) the validity, priority, recording, re-recording, filing or re-filing of this Indenture or any Supplemental Indenture or the Regulatory Agreement,

(iii) any instrument or document of further assurance or collateral assignment,

(iv) any financing statements, amendments thereto or continuation statements,

(v) insurance of the Project or collection of insurance moneys,

(vi) the validity of the execution by the Issuer of this Indenture, any Supplemental Indenture or instruments or documents of further assurance,

(vii) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby,

(viii) the value of or title to the Project, or

(ix) the maintenance of the security hereof.

The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, agreements or obligations on the part of the Issuer or the Borrower under the Loan Agreement except as set forth hereinafter; but the Trustee may require of the Issuer or the Borrower full information and advice as to the observance or performance of those covenants, agreements and obligations. The Trustee shall have no obligation to observe or perform any of the duties of the Issuer under the Loan Agreement.

(c) The Trustee shall not be accountable for the application by the Borrower or any other Person of the proceeds of any Bonds authenticated or delivered hereunder.

(d) The Trustee shall be protected, in the absence of bad faith on its part, in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the request, authority or consent of any Person who is the Holder of any Bonds at the time of making the

request or giving the authority or consent, shall be conclusive and binding upon all future Holders of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or nonexistence of any fact for which the Issuer or the Borrower may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to conclusively rely upon a certificate signed on behalf of the Issuer or the Borrower, as appropriate, by an authorized officer or representative thereof as sufficient evidence of the facts recited therein. Prior to the occurrence of a default or Event of Default hereunder of which the Trustee has been notified, as provided in paragraph (f) of this Section, or of which by that paragraph the Trustee is deemed to have notice, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; provided, that the Trustee in its discretion may require and obtain any further evidence which it deems to be necessary or advisable; and, provided further, that the Trustee shall not be bound to secure any further evidence.

(f) The Trustee shall not be required to take notice, and shall not be deemed to have notice (actual or constructive), of any default or Event of Default hereunder, except Events of Default described in paragraphs (a) and (b) of Section 6.01 hereof, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the Issuer or by the Holders of at least 10% of the aggregate principal amount of Bonds then Outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default, except as noted above.

(g) At any reasonable time, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives (i) may inspect and copy fully all books, papers and records of the Issuer pertaining to the Project and the Bonds, and (ii) may make any memoranda from and in regard thereto as the Trustee may desire.

(h) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(i) Notwithstanding anything contained elsewhere in this Indenture, the Trustee may demand any showings, certificates, reports, opinions, appraisals and other information, and any corporate action and evidence thereof, in addition to that required by the terms hereof, as a condition to the authentication of any Bonds or the taking of any action whatsoever within the purview of the Financing Documents, if the Trustee deems it to be desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds or the right of any Person to the taking of any other action by the Trustee; provided, that the Trustee shall not be required to make that demand.

(j) Before taking action hereunder pursuant to Section 5.04 or Article VI hereof (with the exception of any action required to be taken under Section 6.02 hereof or giving notice of the acceleration of the Bonds under Section 6.03 hereof), the Trustee may require that an indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability resulting from its negligence

or willful misconduct. The Trustee may take action without that indemnity, and in that case, the Borrower shall reimburse the Trustee for all of the Trustee's expenses pursuant to Section 5.03 hereof.

(k) Unless otherwise provided herein, all moneys received by the Trustee under this Indenture shall be held in trust for the purposes for which those moneys were received, until those moneys are used, applied or invested as provided herein; provided, that those moneys need not be segregated from other moneys, except to the extent required by this Indenture or by law. The Trustee shall not have any liability for interest on any moneys received hereunder, except to the extent expressly provided herein.

(l) Any legislation by the State and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

(m) The Trustee shall be entitled to file proofs of claim in bankruptcy. Trustee fees and expenses are intended to constitute administrative expenses in bankruptcy.

(n) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under the Financing Documents shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture, and final payment of the Bonds.

(o) The permissive right of the Trustee to do things enumerated in the Financing Documents shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct. The Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds except for (i) the information describing the Trustee or its operations in the Official Statement relating to the Bonds, and (ii) any information describing the Trustee or its operations in any other disclosure document; provided that such information shall have been provided by the Trustee specifically for inclusion in such disclosure document.

(p) In acting or omitting to act pursuant to the Financing Documents, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Indenture and the Loan Agreement, including, but not limited to, this Article V.

(q) Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder (which shall be a date not later than the Closing Date).

(r) The Trustee agrees to accept and act upon instructions or directions pursuant to the Financing Documents sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Issuer or the Borrower elect to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Borrower agrees: (i) to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer or the Borrower; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

(s) Upon written request by the Rating Agency, the Trustee shall furnish to the Rating Agency the balance of funds on hand with the Trustee and other information as may be reasonably required to maintain the rating on the Bonds.

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

(u) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

Section 5.03 Fees, Charges and Expenses of Trustee.

The Trustee shall be entitled to payment or reimbursement by the Borrower, as provided in the Loan Agreement, for customary fees for Ordinary Services rendered hereunder and for all advances, counsel fees and expenses and other Ordinary Expenses reasonably and necessarily paid or incurred by it in connection with the provision of Ordinary Services. For purposes hereof, fees for Ordinary Services provided for by its standard fee schedule shall be considered customary. In the event that it should become necessary for the Trustee to perform Extraordinary Services, it shall be entitled to customary extra compensation therefor and to reimbursement for reasonable and necessary Extraordinary Expenses incurred in connection therewith. Unless and until such

time as the Trustee resigns or is replaced, and a successor Trustee is appointed pursuant to Section 5.09 hereunder, the Trustee shall continue to perform its duties hereunder.

The Trustee shall not be entitled to compensation or reimbursement for Extraordinary Services or Extraordinary Expenses occasioned by its negligence or willful misconduct. The customary fees for its Ordinary Services and charges of the foregoing shall be entitled to payment and reimbursement only from (i) the Additional Payments made by the Borrower pursuant to the Loan Agreement, or (ii) from moneys available therefor in the Expense Fund. Any amounts payable to the Trustee pursuant to this Section 5.03 shall be payable upon demand and shall bear interest from the date of demand therefor at the Interest Rate for Advances.

Upon an Event of Default under this Indenture, and only upon an Event of Default under this Indenture, the Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the Trust Estate for the foregoing fees, charges and expenses incurred by it.

Section 5.04 Intervention by Trustee.

The Trustee may intervene on behalf of the Holders, and shall intervene if requested to do so in writing by the Holders of at least 25% of the aggregate principal amount of Bonds then Outstanding, in any judicial proceeding to which the Issuer or the Borrower is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Holders of the Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it in accordance with Sections 5.01 and 5.02 hereof before it takes action hereunder.

Section 5.05 Successor Trustee.

Anything herein to the contrary notwithstanding,

(a) any corporation or association (i) into which the Trustee may be converted or merged, (ii) with which the Trustee or any successor to it may be consolidated, or (iii) to which it may sell or transfer its corporate trust assets and corporate trust business as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become successor Trustee hereunder and shall be vested with all of the title to the whole property or Trust Estate hereunder; and

(b) that corporation or association shall be vested further, as was its predecessor, with each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee, without the execution or filing of any instrument or document or any further act on the part of any of the parties hereto.

Any successor Trustee, however, (i) shall be a trust company or a bank having the powers of a trust company, (ii) shall be in good standing within the United States of America or the State,

(iii) shall be duly authorized to exercise trust powers within the United States of America or the State, and (iv) shall have a reported capital, surplus and retained earnings of not less than $100,000,000.

Section 5.06 Appointment of Co-Trustee.

It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including without limitation, the laws of the State) denying or restricting the right of banks or trust companies to transact business as trustees in that jurisdiction. It is recognized that, (a) if there is litigation under this Indenture or other instruments or documents relating to the Bonds and the Project, and in particular, in case of the enforcement hereof or thereof upon a default or an Event of Default hereunder, or (b) if the Trustee should deem that, by reason of any present or future law of any jurisdiction, it may not (i) exercise any of the powers, rights or remedies granted herein to the Trustee, (ii) hold title to the properties, in trust, as granted herein, or (iii) take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an individual or additional institution as a co-Trustee. The following provisions of this Section are adapted to these ends.

In the event that the Trustee appoints an individual or additional institution as a co-Trustee, each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee shall be exercisable by, vest in and be conveyed to that co-Trustee, but only to the extent necessary for it to be so vested and conveyed and to enable that co-Trustee to exercise it. Every covenant, agreement and obligation necessary to the exercise thereof by that co-Trustee shall run to and be enforceable by it.

Should any instrument or document in writing from the Issuer reasonably be required by the co-Trustee so appointed by the Trustee for vesting and conveying more fully and certainly in and to that co-Trustee those trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens, that instrument or document shall be executed, acknowledged and delivered, but not prepared, by the Issuer. In case any co-Trustee or a successor to it shall die, become incapable of acting, resign or be removed, all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of the co-Trustee shall be exercised by, vest in and be conveyed to the Trustee, to the extent permitted by law, until the appointment of a successor to the co-Trustee.

No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

Section 5.07 Resignation by the Trustee.

The Trustee may resign at any time from the trusts created hereby by giving written notice of the resignation to the Issuer, the Borrower and the Remarketing Agent, and by mailing written notice of the resignation to the Holders as their names and addresses appear on the Register at the close of business 15 days prior to the mailing. The resignation shall take effect upon the

appointment of a successor Trustee as provided for in Section 5.09 hereof or an order of a court of competent jurisdiction allowing the Trustee to resign.

Section 5.08 Removal of the Trustee.

The Trustee may be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the Issuer, the Remarketing Agent, the Borrower and the Investor Limited Partner, and signed by (a) the Issuer, or (b) on behalf of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding.

The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Issuer or the Holders of at least 50% in aggregate principal amount of the Bonds then Outstanding under this Indenture.

The removal of the Trustee under this Section 5.08 shall take effect upon the appointment of a successor Trustee as provided for in Section 5.09 of this Indenture.

Section 5.09 Appointment of Successor Trustee.

If (a) the Trustee shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (b) the Trustee shall be taken under the control of any public officer or officers, or (c) a receiver shall be appointed for the Trustee by a court, then a successor Trustee shall be appointed by the Issuer, with the written consent of the Authorized Borrower Representative and Investor Limited Partner; provided, however, that if the Issuer has sought the written consent of the Authorized Borrower Representative and Investor Limited Partner and the Issuer has not received a written response from the Authorized Borrower Representative and Investor Limited Partner within 15 days, then such written consent of the Authorized Borrower Representative and Investor Limited Partner shall be deemed to have been given; provided further, however, that if a successor Trustee is not so appointed within 10 days after (i) a notice of resignation or an instrument or document of removal is received by the Issuer, as provided in Sections 5.07 and 5.08 hereof, respectively, or (ii) the Trustee is dissolved, taken under control, becomes otherwise incapable of acting or a receiver is appointed, in each case, as provided above, then, so long as the Issuer shall not have appointed a successor Trustee, the Holders of a majority in aggregate principal amount of Bonds then Outstanding may designate a successor Trustee by an instrument or document or concurrent instruments or documents in writing signed by or on behalf of those Holders. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 30 days of such resignation, removal or other vacancy, the Holder of any Bond Outstanding hereunder or any retiring Trustee may apply, at the expense of the Borrower, to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Every successor Trustee appointed pursuant to this Section (a) shall be a trust company or a bank having the powers of a trust company, (b) shall be in good standing within the United States of America or the State, (c) shall be duly authorized to exercise trust powers within the United States of America or the State, (d) shall have a reported capital, surplus and retained earnings of not less than $100,000,000, and (e) shall be willing to accept the trusteeship under the terms and conditions of this Indenture.

Every successor Trustee appointed hereunder shall execute and acknowledge, and shall deliver to its predecessor, the Issuer, the Borrower and the Investor Limited Partner an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of its predecessor. Upon the written request of its successor, the Issuer, the Borrower, the Authorized Borrower Representative or the Investor Limited Partner, and payment of all fees and expenses owed to it, the predecessor Trustee (a) shall execute and deliver an instrument or document transferring to its successor all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of the predecessor Trustee hereunder, and (b) shall take any other action necessary to duly assign, transfer and deliver to its successor all property (including without limitation, all securities and moneys) held by it as Trustee. Should any instrument or document in writing from the Issuer be requested by any successor Trustee for vesting and conveying more fully and certainly in and to that successor the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens vested or conveyed or intended to be vested or conveyed hereby in or to the predecessor Trustee, the Issuer shall execute, acknowledge and deliver that instrument or document.

In the event of a change in the Trustee, the predecessor Trustee shall cease to be custodian of any moneys which it may hold pursuant to this Indenture and shall cease to be registrar, authenticating agent and paying agent for any of the Bonds, to the extent it served in any of those capacities.

Section 5.10 Adoption of Authentication.

In case any of the Bonds shall have been authenticated, but shall not have been delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee and may deliver those Bonds so authenticated as provided herein. In case any Bonds shall not have been authenticated, any successor Trustee may authenticate those Bonds either in the name of any predecessor or in its own name. In all cases, the certificate of authentication shall have the same force and effect as provided in the Bonds or in this Indenture with respect to the certificate of authentication of the predecessor Trustee.

Section 5.11 Dealing in Bonds.

The Trustee, its Affiliates, and any directors, officers, employees or agents thereof, in good faith, may become the owners of Bonds secured hereby with the same rights which it or they would have hereunder if the Trustee did not serve in that capacity.

Section 5.12 Representations, Agreements and Covenants of Trustee.

The Trustee hereby represents that it is a national banking association organized and existing under and by virtue of the laws of the United States of America, in good standing and duly authorized to exercise corporate trust powers in the State, and that it has an unimpaired reported capital, surplus and retained earnings of not less than $100,000,000. The Trustee covenants that it will take such action, if any, as is necessary to remain in good standing and duly authorized to exercise corporate trust powers in the State, and that it will maintain an unimpaired reported capital, surplus and retained earnings of not less than $100,000,000. The Trustee accepts and agrees to observe and perform the duties and obligations of the Trustee to which reference is made in any other instrument or document to which it is a party providing security for any of the Bonds.

Section 5.13 No Disposition of Loan; Excepted Assignments; Amendment, Substitution.

Notwithstanding anything contained in this Indenture, the Trustee shall not transfer its interest in the Loan other than to a successor Trustee.

Section 5.14 Interpleader.

In the event of a dispute between any of the parties hereto with respect to the disposition of any funds held by the Trustee hereunder, or the Trustee receives conflicting demands made upon the Trustee with respect to the Trustee's duties hereunder or any other document related to the Bonds, the Trustee shall be entitled to file a suit in interpleader in a court of competent jurisdiction seeking to require the parties to interplead and litigate in such court their several claims and rights among themselves. Upon the filing of such a suit and the deposit of the applicable funds to such court, the Trustee will ipso facto be fully released and discharged from all obligations to further perform any and all duties imposed hereunder or any other document related to the Bonds regarding such matter and/or such funds that are the subject of such interpleader suit. In the event that the Trustee remains as Trustee under this Indenture and receives a court order, directive or other request regarding the interpleader suit, the Trustee shall be entitled to conclusively rely upon such instruction without incurring any obligation or liability and the parties hereto release, hold harmless and indemnify the Trustee for any obligation or liability for so relying on such court instruction.

Section 5.15 Survival of Certain Provisions.

The provisions of Sections 5.01 through 5.14 of this Indenture shall survive the release, discharge and satisfaction of this Indenture.

Section 5.16 Concerning the Remarketing Agent.

The Remarketing Agent identified in Section 1.02 hereof shall serve as the Remarketing Agent for the Bonds. The Remarketing Agent shall designate to the Trustee its Designated Corporate Trust Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Borrower and the Trustee. In addition, the Remarketing Agent will agree particularly to:

(a) keep such records relating to its computations of interest rates for the Bonds as shall be consistent with prudent industry practice and to make such records available for inspection by the Issuer, the Trustee, the Borrower and the Investor Limited Partner at all reasonable times; and

(b) perform all of its functions and duties under this Indenture.

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

The Remarketing Agent shall be entitled to appoint additional co-Remarketing Agents to assist in the performance of the Remarketing Agent's obligations under this Indenture, and any such appointment shall be effective without any action by the Issuer or the Borrower being necessary; provided that any such co-Remarketing Agent, shall have a capitalization of at least $5,000,000, or shall have a line of credit with a commercial bank in the amount of at least $5,000,000, shall be in conformity with all standards and requirements of the Municipal Securities Rulemaking Board and the Securities and Exchange Commission, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent shall take responsibility for any co-Remarketing Agent it appoints.

Section 5.17 Qualification of Remarketing Agent.

The Remarketing Agent shall be a member in good standing of the Financial Industry Regulatory Authority having a capitalization of at least $5,000,000, or shall have a line of credit with a commercial bank in the amount of at least $5,000,000, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. Subject to the terms of the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 30 days' notice of such resignation to the Issuer, the Borrower, the Investor Limited Partner and the Trustee, but in no event shall such resignation take effect prior to the date a successor Remarketing Agent shall have been appointed and be serving under this Indenture and the Remarketing Agreement. The Remarketing Agent may be removed, with prior notice to the Issuer, at any time by the Borrower, with at least 30 days' notice of such removal to the Remarketing Agent and the Issuer. Such removal shall not become effective until a successor Remarketing Agent shall have been appointed in accordance with this Indenture and the Remarketing Agreement.

Upon any resignation or removal of the Remarketing Agent, the Borrower shall appoint a successor Remarketing Agent to be approved by the Issuer. The successor Remarketing Agent shall be a trust company or bank, securities brokerage firm or investment bank in good standing, within or without the State. The departing Remarketing Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity to its successor.

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

Section 5.18 Additional Duties.

Notwithstanding any provisions hereof to the contrary, the Trustee shall have the following additional duties:

(a) The Trustee shall provide the Rating Agency upon its written request such information within its possession as the Rating Agency shall reasonably require from time to time in order to maintain the rating on the Bonds;

(b) Subject to Sections 5.02(j) and 5.07 hereof, the Trustee shall continue to perform its function hereunder without regard to the insufficiency of payment of its fees, provided that nothing herein shall negate the Trustee's right to compensation and indemnification hereunder and as provided in the Loan Agreement; and

(c) The Trustee shall provide to the Underwriter upon its request a list of the names and addresses of the registered Holders of all Bonds then outstanding at the sole cost and expense of the Underwriter or, if the Bonds are held in Book-Entry Form, the special position report (or similar list of Beneficial Owners) from the Depository at the sole cost and expense of the Underwriter.

Section 5.19 Notices to Rating Agency and Remarketing Notice Parties.

The Trustee shall notify the Rating Agency and the Remarketing Notice Parties of (a) the occurrence of an Event of Default of which the Trustee has actual notice, (b) the occurrence of any monetary or other material default under the Loan of which the Trustee has actual notice, (c) any change in the identity of the Trustee, (d) any amendments, modifications, supplements or changes to this Indenture, the Loan Agreement, the Note or the Bonds, including any extension of principal or modification of interest or redemption premium due on any of the Bonds, in each case only in the event the Trustee has actual notice, (e) any change or proposed change in the structure or identity of the Borrower of which Trustee has actual knowledge, (f) any change or notification of proposed change of the Mandatory Tender Date or Remarketing Date, (g) any partial prepayment of the Loan or the giving of notice of the call for redemption of any Bonds, (h) any material change in the investment of funds subject to the lien of this Indenture, (i) any defeasance or acceleration of the Bonds hereunder, (j) any change in the Remarketing Agent of which its Trustee has actual knowledge, or (k) any sale of Eligible Investments below par, as shown in a Cash Flow Projection delivered to the Rating Agency prior to the sale date.

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND HOLDERS

Section 6.01 Defaults; Events of Default.

The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default hereunder:

(a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;

(b) Payment of the principal of any Bond shall not be made when and as that principal shall become due and payable, whether at stated maturity, upon acceleration or otherwise;

(c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in this Indenture or in the Bonds, which failure shall have continued for a period of 30 days after written notice, by registered or certified mail, to the Issuer and the Borrower specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of at least 50% in aggregate principal amount of Bonds then Outstanding; and

(d) The occurrence and continuance of an Event of Default as defined in Section 7.1 of the Loan Agreement.

The term "default" or "failure" as used in this Article means (i) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in this Indenture or in the Bonds, or (ii) a default or failure by the Borrower under the Loan Agreement, beyond any applicable period of grace or notice required to constitute an Event of Default, as provided above or in the Loan Agreement.

Section 6.02 Notice of Default.

If an Event of Default shall occur, the Trustee shall give written notice of the Event of Default, by registered or certified mail, to the Issuer, the Borrower, the Investor Limited Partner, the Lender, and the Remarketing Agent, within five days after the Trustee has actual notice of the Event of Default pursuant to Section 5.02(f) hereof. If an Event of Default occurs of which the Trustee has actual notice pursuant to this Indenture, the Trustee shall give written notice thereof, within 30 days after the Trustee's receipt of notice of its occurrence, to the Holders of all Bonds then Outstanding as shown by the Register at the close of business 15 days prior to the mailing of that notice; provided, that except in the case of a default in the payment of the principal of or interest on any Bond, the Trustee shall be protected in withholding such notice if the Trustee in good faith determines that the withholding of notice to the Holders is in the interests of the Holders.

The Investor Limited Partner shall be entitled, but is under no obligation, to cure any Event of Default hereunder within the time frame provided to the Borrower or such longer periods as specified in this Indenture. Issuer and Trustee agree that cure of any default or Event of Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 6.03 Acceleration.

Upon the occurrence of an Event of Default described in Section 6.01(a) and (b), the Trustee may declare, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding the Trustee shall declare by a notice in writing delivered to the Borrower and the Issuer, the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon the occurrence of any Event of Default other than those described in Sections 6.01(a) and 6.01(b) hereof, the Trustee may, with the written consent of all Holders of Bonds then Outstanding, declare by a notice in writing delivered to the Borrower, the principal of all Bonds then Outstanding (if not then due and payable), and the interest thereon, to be due and payable immediately. Upon such declaration, that principal and interest shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided, that interest on any unpaid principal of Bonds Outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions of the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement hereunder (after an opportunity for hearing by the Issuer and the Borrower),

(a) all sums payable hereunder (except the principal of and interest on Bonds which have not reached their stated maturity dates but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds in respect of which the default shall have occurred, shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee, and

(b) all existing Events of Default shall have been cured,

then and in every case, the Trustee shall waive the Event of Default and its consequences and shall rescind and annul that declaration. No waiver or rescission and annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

Section 6.04 Other Remedies; Rights of Holders.

With or without taking action under Section 6.03 hereof, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or equity to enforce the payment of Bond Service Charges or the

observance and performance of any other covenant, agreement or obligation under this Indenture, the Loan Agreement, the Regulatory Agreement or the Note or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Holders of at least 50% in aggregate principal amount of Bonds Outstanding, the Trustee (subject to the provisions of Sections 5.01 and 5.02 hereof and particularly subparagraph 5.01(c)(iv) and Subsection 5.02(j) of those Sections), shall exercise any rights and powers conferred by this Section and by Section 6.03 hereof.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by this Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or otherwise to the Trustee or to the Holders now or hereafter existing.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

As the assignee of all right, title and interest of the Issuer in and to the Loan Agreement (except for the Reserved Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Loan Agreement. In exercising any remedy, right or power thereunder or hereunder, the Trustee shall take any action which would best serve the interests of the Holders in the judgment of the Trustee, applying the standards described in Sections 5.01 and 5.02 hereof.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

Section 6.05 Right of Holders to Direct Proceedings.

Anything to the contrary in this Indenture notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or any other proceedings hereunder; provided, that (a) any direction shall not be other than in accordance with the provisions of law and of this Indenture, (b) the Trustee shall be indemnified as provided in Sections 5.01 and 5.02 hereof, and (c) the

Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction. In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of the Bonds, each representing less than a majority in aggregate principal amount of the Bonds outstanding, the Trustee, in its sole discretion, may and shall be fully indemnified for refraining from acting in the absence of such written direction determining what action, if any shall be taken, and the Trustee may, in its sole discretion, take other actions permitted to be taken by the Trustee hereunder.

Section 6.06 Application of Money.

If at any time after the occurrence of an Event of Default the money held by the Trustee under this Indenture shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable, such money, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of remedies in this Article or otherwise, shall, be applied by the Trustee as set forth in this Section 6.06.

After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of money and to all fees of the Trustee for Ordinary and Extraordinary Expenses pursuant to any right given or action taken under the provisions of this Article or the provisions of the Financing Documents (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under this Article VI), all money received by the Trustee, shall be applied as follows, subject to Section 2.05 hereof and any provision made pursuant to Section 4.10 or 4.11 hereof:

(a) Unless the principal of all of the Bonds shall have become, or shall have been declared to be, due and payable, all of such money shall be deposited in the Bond Fund and shall be applied:

First -- To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Second -- To the payment to the Holders entitled thereto of the unpaid principal of any of the Bonds which shall have become due, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all of the Bonds shall have become due or shall have been declared to be due and payable pursuant to this Article, all of such money shall be deposited into the Bond Fund and shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds shall have been declared to be due and payable pursuant to this Article, and if that declaration thereafter shall have been rescinded and annulled under the provisions of Section 6.03 or 6.10 hereof, subject to the provisions of paragraph (b) of this Section in the event that the principal of all of the Bonds shall become due and payable later, the money shall be deposited in the Bond Fund and shall be applied in accordance with the provisions of Article II.

(d) Whenever money is to be applied pursuant to the provisions of this Section, such money shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee shall direct the application of such money, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the money is available therefor. The Trustee shall give notice of the deposit with it of any money and of the fixing of that date, all consistent with the requirements of Section 2.05 hereof for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of a Bond to the Holder thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

Section 6.07 Remedies Vested in Trustee.

All rights of action (including without limitation, the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Holders as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Holders of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 6.08 Rights and Remedies of Holders.

A Holder shall not have any right to institute any suit, action or proceeding for the enforcement of this Indenture, for the execution of any trust hereof, or for the exercise of any other remedy hereunder, unless:

(a) there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in paragraph (f) of Section 5.02 hereof, or of which it is deemed to have actual notice under that paragraph,

(b) the Holders of at least 50% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee as provided in Sections 5.01 and 5.02 hereof, and

(c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and offer of indemnity are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of this Indenture by its or their action, or to enforce, except in the manner provided herein, any remedy, right or power hereunder. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided herein for the benefit of the Holders of all Bonds then Outstanding. Nothing in this Indenture shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Section 6.09 Termination of Proceedings.

In case the Trustee shall have proceeded to enforce any remedy, right or power under this Indenture in any suit, action or proceedings, and the suit, action or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Issuer and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as if no suit, action or proceedings had been taken.

Section 6.10 Waivers of Events of Default.

Except as hereinafter provided, at any time, in its discretion, the Trustee may waive any Event of Default hereunder and its consequences and may rescind and annul any declaration of maturity of principal of or interest on, the Bonds. The Trustee shall do so upon the written request of the Holders of:

(a) at least a majority in aggregate principal amount of all Bonds then Outstanding in respect of which an Event of Default in the payment of Bond Service Charges exists, or

(b) at least 50% in aggregate principal amount of all Bonds then Outstanding, in the case of any other Event of Default.

There shall not be so waived, however, any Event of Default described in paragraph (a) or (b) of Section 6.01 hereof or any declaration of acceleration in connection therewith rescinded or annulled, unless at the time of that waiver or rescission and annulment payments of the amounts provided in Section 6.03 hereof for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

ARTICLE VII

SUPPLEMENTAL INDENTURES

Section 7.01 Supplemental Indentures Generally.

The Issuer and the Trustee may enter into indentures supplemental to this Indenture, as provided in this Article. The Trustee shall deliver copies of all Supplemental Indentures to the Borrower and the Investor Limited Partner.

Section 7.02 Supplemental Indentures Not Requiring Consent of Holders.

Without the consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into indentures supplemental to this Indenture which shall not, in the opinion of the Issuer, be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) to cure any ambiguity, inconsistency or formal defect or omission in this Indenture;

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

(c) to assign additional revenues under this Indenture;

(d) to accept additional security and instruments and documents of further assurance with respect to the Project;

(e) to add to the covenants, agreements, obligations and rights of the Issuer under this Indenture, other covenants, agreements and obligations to be observed for the

protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in this Indenture;

(f) to evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under this Indenture, the Loan Agreement and the Bonds;

(g) to facilitate (i) the transfer of Bonds issued by the Issuer under this Indenture and held in Book-Entry Form from one Depository to another and the succession of Depositories, or (ii) the withdrawal of Bonds issued by the Issuer under this Indenture and delivered to a Depository for use in a Book-Entry System and the issuance of replacement Bonds in fully registered form and in the form of physical certificates to others than a Depository;

(h) to permit the Trustee to comply with any obligations imposed upon it by law;

(i) to specify further the duties and responsibilities of the Trustee; and

(j) to achieve compliance of this Indenture with any applicable federal securities or tax law.

The provisions of Subsections 7.02(h) and (j) shall not be deemed to constitute a waiver by the Trustee, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to this Indenture or the Bonds.

Section 7.03 Supplemental Indentures Requiring Consent of Holders.

Exclusive of Supplemental Indentures to which reference is made in Section 7.02 hereof and subject to the terms, provisions and limitations contained in this Section, and not otherwise, with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, evidenced as provided in this Indenture, and with the consent of the Borrower if required by Section 7.04 hereof, the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of this Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing in this Section or Section 7.02 hereof shall permit, however, or be construed as permitting:

(a) without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or

(b) without the consent of the Holders of all Bonds then Outstanding, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer shall request that the Trustee execute and deliver any Supplemental Indenture for any of the purposes of this Section, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by Section 7.04 hereof, receipt of the Borrower's consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee shall cause notice (such notice to be prepared by the Borrower or its agent) of the proposed execution and delivery of the Supplemental Indenture to be mailed by first-class mail, postage prepaid, to all Holders of Bonds then Outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing.

The Trustee shall not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice required by this Section. Any failure of that nature shall not affect the validity of the Supplemental Indenture when there has been consent thereto as provided in this Section. The notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Designated Corporate Trust Office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period prescribed by the Borrower, of not less than 60 days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto.

Any consent shall be binding upon the Holder of the Bond giving the consent and, anything herein to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds Outstanding shall have consented to the Supplemental Indenture, as provided in this Section, no Holder shall have any right (a) to object to (i) the execution or delivery of the Supplemental Indenture, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

Section 7.04 Consent of Borrower and Investor Limited Partner.

Anything contained herein to the contrary notwithstanding, any Supplemental Indenture executed and delivered in accordance with this Article VII which affects in any material respect any rights or obligations of the Borrower shall not become effective unless and until the Borrower and Investor Limited Partner shall have consented in writing to the execution and delivery of that Supplemental Indenture.

Section 7.05 Responsibilities of Trustee.

Notwithstanding anything else contained herein, the Trustee shall not be required to enter into any Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 7.06 Authorization to Trustee; Effect of Supplement.

The Trustee is authorized to join with the Issuer in the execution and delivery of any Supplemental Indenture in accordance with this Article and to make the further agreements and stipulations which may be contained therein. Thereafter,

(a) That Supplemental Indenture shall form a part of this Indenture;

(b) All terms and conditions contained in that Supplemental Indenture as to any provision authorized to be contained therein shall be deemed to be a part of the terms and conditions of this Indenture for any and all purposes;

(c) This Indenture shall be deemed to be modified and amended in accordance with such Supplemental Indenture; and

(d) The respective rights, duties and obligations under this Indenture of the Issuer, the Borrower, the Trustee, the Remarketing Agent and all Holders of Bonds then Outstanding shall be determined, exercised and enforced hereunder in a manner which is subject in all respects to those modifications and amendments made by such Supplemental Indenture.

Express reference to any executed and delivered Supplemental Indenture may be made in the text of any Bonds issued thereafter, if that reference is deemed necessary or desirable by the Trustee or the Issuer. A copy of any Supplemental Indenture for which provision is made in this Article, except a Supplemental Indenture described in Section 7.02(g) hereof, shall be mailed to the Holders by the Trustee. The Trustee shall not be required to execute any supplemental indenture containing provisions adverse to the Trustee.

Section 7.07 Opinion of Counsel.

The Trustee shall be provided, and shall be fully protected in conclusively relying upon, the opinion of any counsel approved by it as conclusive evidence that (a) any proposed Supplemental Indenture complies with the provisions of this Indenture, and (b) it is proper for the Trustee to join in the execution of that Supplemental Indenture under the provisions of this Article. That counsel may be counsel for the Issuer or the Borrower.

Section 7.08 Modification by Unanimous Consent.

Notwithstanding anything contained elsewhere in this Indenture, the rights and obligations of the Issuer and of the Holders, and the terms and provisions of the Bonds and this Indenture or any Supplemental Indenture, may be modified or altered in any respect with the consent of (a) the Issuer, (b) the Holders of all of the Bonds then Outstanding, (c) the Borrower, and the Investor Limited Partner, and (d) if such modification or alteration contains provisions adverse to the Trustee, the Trustee.

ARTICLE VIII

DEFEASANCE

Section 8.01 Release of Indenture.

If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Bond Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable hereunder or under the Loan Agreement, the Regulatory Agreement and the Note, then this Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of Section 8.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 8.02 hereof), and the covenants, agreements and obligations of the Issuer hereunder shall be released, discharged and satisfied. This Indenture will be discharged and will cease to be of further effect as to all Bonds, and the Trustee, on written demand of and at the expense of the Issuer and upon receipt of an Opinion of Counsel stating that all conditions precedent to satisfaction and discharge have been satisfied, shall execute proper instruments acknowledging the same.

Thereupon, and subject to the provisions of Section 8.03 hereof if applicable,

(a) the Trustee shall release this Indenture (except for those provisions surviving by reason of Section 8.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 8.02 hereof), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer, and

(b) the Trustee shall assign and deliver to the Issuer any property subject at the time to the lien of this Indenture which then may be in their possession, except amounts in the Bond Fund

required (i) to be paid to the Borrower under Section 4.14 hereof, or (ii) to be held by the Trustee under Section 4.13 hereof or otherwise for the payment of Bond Service Charges.

Section 8.02 Payment and Discharge of Bonds.

All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of this Indenture, including without limitation, Section 8.01 hereof, if:

(a) the Trustee shall have received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable Government Obligations which are certified by an Independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in subparagraph (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein), for the payment of all Bond Service Charges on those Bonds at their maturity.

Any money held by the Trustee in accordance with the provisions of this Section may be invested by the Trustee only in noncallable Government Obligations having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this Section is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this Section, that income, interest or increment shall be transferred at the time of that determination in the manner provided in Section 4.14 hereof for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to this Section 8.02, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged, set forth a description of the obligations held pursuant to subparagraph (b) of the first paragraph of this Section 8.02.

Section 8.03 Survival of Certain Provisions.

Notwithstanding the foregoing, any provisions of this Indenture which relate to the maturity of Bonds, interest payments and dates thereof, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of money in trust, and repayments to the Borrower from the Bond Fund, and the rights and duties of the Trustee in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee and the Holders notwithstanding the release and discharge of this Indenture. The provisions of this Article shall

survive the release, discharge and satisfaction of this Indenture. The obligations of the Borrower to pay the Trustee and the Issuer their respective fees and expenses hereunder shall survive the release, discharge and satisfaction of this Indenture, but shall terminate effective automatically upon payment in full by the Borrower of all fees and expenses owed by the Borrower to the Trustee and the Issuer.

ARTICLE IX

COVENANTS AND AGREEMENTS OF THE ISSUER

Section 9.01 Covenants and Agreements of the Issuer.

In addition to any other covenants and agreements of the Issuer contained in this Indenture, and subject to the provisions of Sections 2.04, 9.03, 9.04, 9.05, 9.06, 9.08 and 12.08 hereof, the Issuer further covenants and agrees with the Holders and the Trustee as follows:

(a) Payment of Bond Service Charges. The Issuer will cause all Bond Service Charges to be paid solely from the sources provided herein, on the dates, at the places and in the manner provided in this Indenture.

(b) Revenues and Assignment of Revenues. The Issuer will not assign the Revenues or create or authorize to be created any debt, lien or charge thereon, other than the assignment thereof under this Indenture, or, as applicable, Permitted Liens for the benefit of the Project.

(c) Recordings and Filings. At the expense of the Borrower, the Issuer will cause this Indenture and the Regulatory Agreement, to be executed, recorded and filed (as applicable) in the manner and in the places which may be required hereunder.

(d) Inspection of Project Books. Any books, instruments and documents in the Issuer's possession relating to the Project and the Revenues shall be open to inspection and copying during reasonable times and upon reasonable notice by the Trustee.

(e) Rights and Enforcement of the Loan Agreement. The Trustee may enforce, in its name or in the name of the Issuer, all rights of the Issuer for and on behalf of the Holders, except for Reserved Rights, and may enforce all covenants, agreements and obligations of the Borrower under and pursuant to the Loan Agreement, regardless of whether the Issuer is in default in the pursuit or enforcement of those rights, covenants, agreements or obligations. The Issuer, however, will do all things and take all actions on its part necessary to comply with covenants, agreements, obligations, duties and responsibilities on its part to be observed or performed under the Loan Agreement, and will take all actions within its authority to keep the Loan Agreement in effect in accordance with the terms thereof.

Section 9.02 Observance and Performance of Covenants, Agreements, Authority and Actions.

Subject to the provisions of Sections 2.04, 9.03, 9.04, 9.05, 9.06, 9.08 and 12.08 hereof, the Issuer will observe and perform faithfully at all times all covenants, agreements, authority, actions, undertakings, stipulations and provisions to be observed or performed on its part under the Issuer Documents and the Bonds which are executed, authenticated and delivered under this Indenture, and under all proceedings pertaining thereto.

The Issuer represents:

(a) The Issuer is a public body, corporate and politic, duly organized and existing under the laws of the State.

(b) The Issuer has the power and authority to (i) adopt the Resolution and enter into the Issuer Documents and to carry out the transactions on its part contemplated thereby, (ii) issue the Bonds, apply the proceeds of the Bonds to make the Loan and assign the revenues derived and to be derived by the Issuer from the Loan to the Trustee, and (iii) carry out its other obligations under the Issuer Documents and the Bonds, and by proper action has duly authorized the Issuer's execution and delivery of, and its performance under, the Issuer Documents and the issuance, execution, sale and delivery of the Bonds.

Section 9.03 Enforcement of Issuer's Obligations.

PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THIS BOND IS A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE ISSUER PAYABLE SOLELY OUT OF THE TRUST ESTATE. The foregoing statement of limitation shall appear on the face of each Bond.

(b) THIS BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE SECURITY PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OF CALIFORNIA, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER. The foregoing statement of limitation shall appear on the face of each Bond.

(c) NO RECOURSE SHALL BE HAD FOR THE ENFORCEMENT OF ANY OBLIGATION, PROMISE OR AGREEMENT OF THE ISSUER CONTAINED HEREIN OR IN

THE BONDS OR THE OTHER BOND DOCUMENTS TO WHICH THE ISSUER IS A PARTY OR FOR ANY CLAIM BASED HEREON OR THEREON OR OTHERWISE IN RESPECT HEREOF OR THEREOF AGAINST ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE, AS SUCH, IN HIS/HER INDIVIDUAL CAPACITY, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY WHETHER BY VIRTUE OF ANY CONSTITUTIONAL PROVISION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE. NO PERSONAL LIABILITY WHATSOEVER SHALL ATTACH TO, OR BE INCURRED BY, ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE AS SUCH, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY, UNDER OR BY REASON OF ANY OF THE OBLIGATIONS, PROMISES OR AGREEMENTS ENTERED INTO IN THE BONDS OR BETWEEN THE ISSUER AND THE TRUSTEE, WHETHER HEREIN CONTAINED OR TO BE IMPLIED HEREFROM AS BEING SUPPLEMENTAL HERETO; AND ALL PERSONAL LIABILITY OF THAT CHARACTER AGAINST EVERY SUCH TRUSTEE, MEMBER, OFFICER, AGENT, ATTORNEY AND EMPLOYEE IS, BY THE EXECUTION OF THE INDENTURE AND AS A CONDITION OF, AND AS PART OF THE CONSIDERATION FOR, THE EXECUTION OF THE INDENTURE, EXPRESSLY WAIVED AND RELEASED. The foregoing statement of limitation shall appear on the face of each Bond.

Section 9.04 Limitation on Liability.

(a) Notwithstanding any provision of this Indenture or any of the other Financing Documents to the contrary, the Issuer shall not be liable for payment of the principal of or interest on the Bonds 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 Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

(b) Any other term or provision in this Indenture or the Issuer Documents to the contrary notwithstanding, any and all obligations (including without limitation, fees, claims, demands, payments, damages, liability, penalties, assessments and the like) of or imposed upon the Issuer or its members, directors, officers, agents, employees, representatives, advisors or assigns, whether under this Indenture or any of the other Financing Documents, and whether arising out of or based upon a claim or claims of tort, contract, misrepresentation, or any other or additional legal theory or theories whatsoever shall in all events be absolutely limited obligations and liabilities payable solely out of the Bond proceeds, investments therefrom, payments from or on behalf of the Borrower, and any Revenues. In no event shall any member, director, officer, agent, employee, representative or advisor of the Issuer or successor or assign of such person or entity be liable, personally or otherwise for such obligations or liabilities. In no event shall this Indenture be construed as depriving the Issuer of any right or privilege or requiring it or any member, director, officer, agent, employee, representative or advisor to take or omit to take or to permit or suffer the taking of, any action by itself or anyone else that would violate or result in the Issuer's being in violation of the Act or any other applicable State or federal law.

(c) The Issuer shall not be required to take any action not expressly provided for herein. The Issuer shall have no obligation to review, control or oversee the activities of Trustee in collecting any amounts payable pursuant to the Loan Agreement, this Indenture, or the Regulatory Agreement, or in making any payments on the Bonds. Further, the Issuer shall not be obligated to take any action or execute any document which might in its reasonable judgment involve it in any expense or liability unless it shall have been furnished with assurance of payment or reimbursement for any expense and with reasonable indemnity for liability of the Issuer, its incorporators, directors, officers, members and counsel.

Section 9.05 Immunity of Officers and Employees of Issuer.

No recourse shall be had for the payment of the principal of or premium or interest on any Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture again any past, present or future officer, director, employee or agent of the Issuer, or of any successor public corporation, as such, either directly or through the Issuer or any successor public corporation, under any rule of law or equity, statute or constitution, or by enforcement or any assessment or penalty or otherwise, and all such liability of any such officers, directors, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of such Bonds. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any director or officer of the Issuer past, present or future in his or her individual capacity, and neither the directors of the Issuer nor any official executing the Bonds shall be personally liable on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 9.06 Role of Issuer.

The Issuer shall not be required to take any action not expressly provided for herein. The Issuer shall have no obligation to review, control or oversee the activities of Trustee in collecting any amounts payable pursuant to the Loan Agreement, this Indenture, or the Regulatory Agreement, or in making any payments on the Bonds. Further, the Issuer shall not be obligated to take any action or execute any document which might in its reasonable judgment involve it in any expense or liability unless it shall have been furnished with assurance of payment or reimbursement for any expense and with reasonable indemnity for liability of the Issuer, its incorporators, directors, officers, members and counsel.

Section 9.07 Enforcement.

The Issuer agrees that the Trustee in its name may enforce against the Borrower or any Person any rights of the Issuer under the Financing Documents (other than the Reserved Rights) whether or not the Issuer is in default under this Indenture or under the Loan Agreement, but the Trustee shall not be deemed to have assumed any of the obligations of the Issuer under the Financing Documents.

Section 9.08 Request and Indemnification.

If any consent or other action on the part of the Issuer is required in this or any other document, the Issuer shall have no obligation to act unless first requested to do so in writing, and the Issuer shall have no obligation to expend time or money or to otherwise incur any liability unless indemnity satisfactory to the Issuer has been furnished to it.

ARTICLE X

AMENDMENTS TO LOAN AGREEMENT, NOTE AND REGULATORY AGREEMENT

Section 10.01 Amendments Not Requiring Consent of Holders.

Without the consent of or notice to the Holders, the Issuer, the Borrower, the Investor Limited Partner and the Trustee may enter into or consent to, as applicable, any amendment, change or modification of the Financing Documents, as may be required (a) by the provisions of the Financing Documents, (b) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Financing Documents, (c) in connection with an amendment or to effect any purpose for which there could be an amendment of this Indenture pursuant to Section 7.02 hereof, or (d) in connection with any other change therein which is not materially prejudicial to the Trustee or the Holders of the Bonds, in the judgment of the Trustee (provided that the Trustee is entitled to the advice of counsel or other experts, at its discretion, in making such decision).

Section 10.02 Amendments Requiring Consent of Holders.

Except for the amendments, changes or modifications contemplated in Section 10.01 hereof, neither the Issuer nor the Trustee shall consent to:

(a) any amendment, change or modification of the Loan Agreement or the Note which would change the amount or time as of which Loan Payments and Eligible Funds are required to be paid, without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of all of the then Outstanding Bonds affected by such amendment, change or modification, or

(b) any other amendment, change or modification of the Loan Agreement, the Note or the Regulatory Agreement without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding affected by such amendment, change or modification.

The consent of the Holders shall be obtained as provided in Section 7.03 hereof with respect to Supplemental Indentures.

If the Issuer or the Authorized Borrower Representative shall request at any time the consent of the Trustee to any proposed amendment, change or modification of the Loan Agreement, the Note or the Regulatory Agreement contemplated in subparagraphs (a) or (b) of this Section, upon being indemnified satisfactorily with respect to expenses, the Trustee shall cause notice of the proposed amendment, change or modification to be provided in the manner which is required by Section 7.03 hereof with respect to notice of Supplemental Indentures. The notice shall be prepared by the Borrower and shall set forth briefly the nature of the proposed amendment, change or modification and shall state that copies of the instrument or document embodying it are on file at the Designated Corporate Trust Office of the Trustee for inspection by all Holders.

Section 10.03 Consent of Borrower and Investor Limited Partner.

Anything contained herein to the contrary notwithstanding, any of the documents described in Sections 10.01 and 10.02 hereof executed and delivered in accordance with this Article X shall not become effective unless and until the Borrower and the Investor Limited Partner shall have consented in writing to the execution and delivery thereof.

Section 10.04 [Reserved].

ARTICLE XI

MEETINGS OF HOLDERS

Section 11.01 Purposes of Meetings.

A meeting of Holders may be called at any time and from time to time pursuant to the provisions of this Article XI, to take any action (a) authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Bonds, (b) under any provision of this Indenture or (c) authorized or permitted by law.

Section 11.02 Call of Meetings.

The Trustee may (but shall not be obligated to) call at any time a meeting of Holders pursuant to Section 11.01 hereof to be held at any reasonable time and place the Trustee shall determine. Notice of such meeting, setting forth the time, place and generally the subject thereof, shall be mailed by first-class mail, postage prepaid, not fewer than 15 nor more than 90 days prior to the date of the meeting to the Holders at their addresses as they appear on the Register on the fifteenth day preceding such mailing, which fifteenth day, preceding the mailing, shall be the record date for the meeting.

At any time, the Issuer or the Borrower, or the Holders of at least 50% in aggregate principal amount of the Bonds then Outstanding, shall have requested the Trustee to call a meeting of Holders, by written request setting forth the purpose of the meeting, and the Trustee shall not have mailed the notice of the meeting within 20 days after receipt of the request, then the Issuer, the Borrower and the Investor Limited Partner or the Holders of Bonds in the amount above

specified may determine the time and the place of the meeting and may call the meeting to take any action authorized in Section 12.01 hereof, by mailing notice thereof as provided above.

Any meetings of Holders shall be valid without notice, if the Holders of all Bonds then Outstanding are present in person or by proxy, or if notice is waived before or after the meeting by the Holders of all Bonds Outstanding who were not so present at the meeting, and if the Issuer, the Borrower and the Trustee are either present by duly authorized representatives or have waived notice, before or after the meeting.

Section 11.03 Voting.

To be entitled to vote at any meeting of Holders, a Person shall (a) be a Holder of one or more Outstanding Bonds as of the record date for the meeting as determined above, or (b) be a person appointed by an instrument or document in writing as proxy by a Person who is a Holder as of the record date for the meeting, of one or more Outstanding Bonds. Each Holder or proxy shall be entitled to one vote for each $100,000 principal amount of Bonds held or represented by it.

The vote upon any resolution submitted to any meeting of Holders shall be by written ballots on which shall be subscribed the signatures of the Holders of Bonds or of their representatives by proxy and the identifying number or numbers of the Bonds held or represented by them.

Section 11.04 Meetings.

Notwithstanding any other provisions of this Indenture, the Trustee may make any reasonable regulations which it may deem to be advisable for meetings of Holders, with regard to:

(a) proof of the holding of Bonds and of the appointment of proxies,

(b) the appointment and duties of inspectors of votes,

(c) recordation of the proceedings of those meetings,

(d) the execution, submission and examination of proxies and other evidence of the right to vote, and

(e) any other matters concerning the conduct, adjournment or reconvening of meetings which it may think fit.

The Trustee shall appoint a temporary chair of the meeting by an instrument or document in writing, unless the meeting shall have been called by the Issuer, the Borrower or by the Holders, as provided in Section 11.02 hereof, in which case the Issuer, the Borrower or the Holders calling the meeting, as the case may be, shall appoint a temporary chair in like manner. A permanent chair and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority in principal amount of the Bonds represented at the meeting and entitled to vote.

The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at the meeting and their counsel, any representatives of the Trustee and its counsel, any representatives of the Issuer and its counsel and any representatives of the Borrower and its counsel.

Section 11.05 Miscellaneous.

Nothing contained in this Article XI shall be deemed or construed to authorize or permit any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders under any of the provisions of this Indenture or of the Bonds by reason of any call of a meeting of Holders or any rights conferred expressly or impliedly hereunder to make a call.

ARTICLE XII

MISCELLANEOUS

Section 12.01 Limitation of Rights.

With the exception of rights conferred expressly in this Indenture, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Remarketing Agent, the Borrower, the Investor Limited Partner and the Holders of the Bonds any legal or equitable right, remedy, power or claim under or with respect to this Indenture or any covenants, agreements, conditions and provisions contained herein. This Indenture and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties hereto, the Remarketing Agent, the Borrower, the Investor Limited Partner and the Holders of the Bonds, as provided herein.

Section 12.02 Severability.

In case any section or provision of this Indenture, or any covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Indenture, or any application thereof, is held to be illegal or invalid for any reason, or is inoperable at any time, that illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Indenture or any other covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Indenture, all of which shall be construed and enforced at the time as if the illegal, invalid or inoperable portion were not contained therein.

Any illegality, invalidity or inoperability shall not affect any legal, valid and operable section, provision, covenant, agreement, stipulation, obligation, act, action, part or application, all of which shall be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent permitted by law from time to time.

Section 12.03 Notices.

Except as provided in Section 6.02 hereof, it shall be sufficient service or giving of any notice, request, complaint, demand or other instrument or document, if it is duly mailed by first-class mail, postage pre-paid, or is forwarded by overnight courier service, delivery charges pre-paid. Notices to the Issuer, the Borrower, the Investor Limited Partner, the Trustee and the Remarketing Agent shall be delivered to their respective Notice Address.

Duplicate copies of each notice, request, complaint, demand or other instrument or document given hereunder by the Issuer, the Trustee, the Borrower or the Investor Limited Partner to one or both of the others also shall be given to the others.

The Issuer, the Trustee, the Borrower, the Investor Limited Partner, the Lender, the Rating Agency and the Remarketing Agent may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or Persons to whose attention the same shall be directed.

In connection with any notice mailed pursuant to the provisions of this Indenture, a certificate of the Trustee, the Issuer, the Borrower, the Investor Limited Partner or the Holders of the Bonds, whichever or whoever mailed that notice, that the notice was so mailed shall be conclusive evidence of the proper mailing of the notice.

Section 12.04 Suspension of Mail and Courier Service.

If because of the suspension of delivery of first-class mail or of delivery by overnight courier services, or for any other reason, the Trustee shall be unable to mail by the required class of mail or forward by overnight courier service any notice required to be given by the provisions of this Indenture, the Trustee shall give such notice in such other manner as in the judgment of the Trustee shall most effectively approximate the required mailing or forwarding thereof, and the giving of that notice in that manner for all purposes of this Indenture shall be deemed to be in compliance with the requirement of this Section. Except as otherwise provided herein, the mailing of any notice shall be deemed complete upon deposit of that notice in the mail and the giving of any notice by any other means of delivery shall be deemed complete upon receipt of the notice by the delivery service.

Section 12.05 Payments Due on Saturdays, Sundays and Holidays.

If any Interest Payment Date, Maturity Date or Mandatory Tender Date or a date of maturity of the principal of any Bonds is a Saturday, Sunday or a day on which the Trustee is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed, then payment of interest and principal need not be made by the Trustee on that date, but that payment may be made on the next succeeding Business Day on which the Trustee is open for business with the same force and effect as if that payment were made on the Interest Payment Date, Maturity Date or Mandatory Tender Date or date of maturity, and no interest shall accrue for the period from and after that date.

Section 12.06 Instruments of Holders.

Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, required under this Indenture to be executed by any Holder may be in any number of concurrent writings of similar tenor and may be executed by that Holder in person or by an agent or attorney appointed in writing. Proof of (a) the execution of any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, (b) the execution of any writing appointing any agent or attorney, and (c) the ownership of Bonds, shall be sufficient for any of the purposes of this Indenture, if made in the following manner, and if so made, shall be conclusive in favor of the Trustee with regard to any action taken thereunder, namely:

(i) The fact and date of the execution by any person of any writing may be proved by the certificate of any officer in any jurisdiction, who has power by law to take acknowledgments within that jurisdiction, that the person signing the writing acknowledged that execution before that officer, or by affidavit of any witness to that execution; and

(ii) The fact of ownership of Bonds shall be proved by the Register maintained by the Trustee.

Nothing contained herein shall be construed to limit the Trustee to the foregoing proof, and the Trustee may accept any other evidence of the matters stated therein which it deems to be sufficient. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, of the Holder of any Bond shall bind every future Holder of the same Bond, with respect to anything done or suffered to be done by the Issuer, the Borrower or the Trustee pursuant to that writing.

Section 12.07 Priority of This Indenture.

This Indenture shall be superior to any liens which may be placed upon the Revenues or any other funds or accounts created pursuant to this Indenture.

Section 12.08 No Personal Liability.

No recourse shall be had for the payment of the principal of or premium or interest on any Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture again any past, present or future officer, director, member, employee or agent of the Issuer, or of any successor public corporation, as such, either directly or through the Issuer or any successor public corporation, under any rule of law or equity, statute or constitution, or by enforcement or any assessment or penalty or otherwise, and all such liability of any such officers, directors, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of such Bonds. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any incorporator, director or officer of the Issuer past, present or future in his or her individual capacity, and neither members of the Issuer nor any official executing the

Bonds shall be personally liable on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.09 Binding Effect.

This Indenture shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 12.10 Counterparts.

This Indenture may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture and signature pages for all purposes.

Section 12.11 Governing Law; Venue.

This Indenture and the Bonds shall be construed in accordance with and governed by the laws of the State applicable to contracts made and performed in the State. This Indenture and the Bonds shall be enforceable in the State, and any action arising out of this Indenture or the Bonds shall (unless waived by the Issuer in writing) be filed and maintained in the Superior Court of California, County of San Diego.

Section 12.12 Electronic Transactions.

The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22.

Section 12.13 Waiver of Jury Trial.

EACH OF THE ISSUER, THE HOLDERS AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE BONDS OR THE TRANSACTION CONTEMPLATED HEREBY.

Section 12.14 Notification of Issuer of Amount of Outstanding Bonds.

Trustee shall notify the Issuer, via mutually acceptable electronic means or by mail, of the aggregate principal amount of Outstanding Bonds on such schedule as agreed upon by the Trustee and the Issuer and otherwise upon Issuer's request.

Section 12.15 U.S.A. Patriot Act.

The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

Section 12.16 Mortgage Loan Documents.

In the event of any conflict and to the extent that there is any inconsistency or ambiguity between the provisions of this Indenture and the provisions of the Mortgage Loan Documents, the Mortgage Loan Documents will be deemed to be controlling, and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of the Mortgage Loan Documents, in accordance with their terms. Notwithstanding any provision of this Indenture to the contrary, the parties hereto acknowledge and agree that all of their respective rights and powers to any assets or properties of the Borrower are subordinate and subject to the liens created by the mortgage associated with the Mortgage Loan, in accordance with its terms, together with any and all amounts from time to time secured thereby, and interest thereon, and to all of the terms and provisions of the Mortgage, and any and all other documents executed by the Borrower in connection therewith.

Failure of the Issuer or the Borrower to comply with any of the covenants set forth in this Agreement will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

There is no pledge hereunder of the gross revenues or any of the assets of the Project.

Nothing contained herein shall inhibit or impair the right of the Lender to require or agree to any amendment, change or modification of any Mortgage Loan Documents related to the Project, for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or in regard to matters or questions arising under said Mortgage Loan Documents so long as any such amendment, change or modification shall not adversely affect the payment terms of the Bonds.

Proceeds from any condemnation award or from the payment of a claim under any hazard insurance policy relating to the Project will not be payable to the Trustee, but will be payable in accordance with the Mortgage Loan Documents, in accordance with their terms.

Section 12.17 Effective Date.

This Indenture shall take effect immediately upon the execution and delivery by all of the parties hereto.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Trust Indenture to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____
[_____]

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

EXHIBIT A

FORM OF BOND

NOTICE: Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED
No. R-1

REGISTERED
$[TAXABLE PAR]

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BOND
(HILLCREST HALL) 2026 SERIES A-2 (TAXABLE)

INITIAL INTEREST RATE	MATURITY	DATE DATED	CUSIP
[_.__]%	[_____]	[Closing Date]	[CUSIP No.]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [PAR AMOUNT WRITTEN OUT] DOLLARS ($[TAXABLE PAR])

INITIAL MANDATORY TENDER DATE: [_____]

THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO (the "Issuer"), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State"), for value received, promises to pay to the Registered Owner specified above or registered assigns, but solely from the sources and in the manner referred to herein, the Principal Amount specified above on the Maturity Date specified above (subject to the rights of redemption and tender set forth herein), and to pay from those sources interest on the unpaid principal balance of said Principal Amount on (a) [_____] 1 and [_____] 1 of each year, beginning [_____] 1, 2026, (b) each Redemption Date, (c) each Mandatory Tender Date, (d) the Maturity Date and (e) the date of acceleration of the Bonds (the "Interest Payment Dates") until the principal amount is paid or duly provided for. This Bond will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its date.

This Bond shall bear interest at the Initial Interest Rate from its dated date to but not including the Initial Mandatory Tender Date and thereafter shall bear interest at the applicable Remarketing Rate (as defined in the Indenture). Interest on the Bonds shall be calculated on the basis of a 360–day year consisting of twelve 30–day months.

For purposes of calculating such interest:

The principal of this Bond is payable upon presentation and surrender hereof at the designated corporate trust office of the trustee, presently U.S. Bank Trust Company, National Association (the "Trustee"). Interest is payable on each Interest Payment Date by check or draft mailed to the person in whose name this Bond (or one or more predecessor bonds) is registered (the "Holder") at the close of business on the 15th day of the calendar month next preceding that Interest Payment Date (the "Regular Record Date") on the registration books for this issue maintained by the Trustee, as registrar, at the address appearing therein. Any interest which is not timely paid or duly provided for shall cease to be payable to the Holder hereof (or of one or more predecessor bonds) as of the Regular Record Date, and shall be payable to the Holder hereof (or of one or more predecessor bonds) at the close of business on a Special Record Date to be fixed by the Trustee for the payment of that overdue interest. Notice of the Special Record Date shall be mailed to Holders not less than 10 days prior thereto. The principal of and interest on this Bond are payable in lawful money of the United States of America, without deduction for the services of the paying agent. While the Bonds are held in a book-entry system and in certain other circumstances, all as provided in the Indenture, principal of and interest on this Bond is required to be paid by wire transfer or other arrangement, other than any payment of the entire unpaid principal amount hereof.

PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THIS BOND IS A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE ISSUER PAYABLE SOLELY OUT OF THE TRUST ESTATE.

THIS BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE SECURITY PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OF CALIFORNIA, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE ENFORCEMENT OF ANY OBLIGATION, PROMISE OR AGREEMENT OF THE ISSUER CONTAINED HEREIN OR IN THE BONDS OR THE OTHER BOND DOCUMENTS TO WHICH THE ISSUER IS A PARTY

OR FOR ANY CLAIM BASED HEREON OR THEREON OR OTHERWISE IN RESPECT HEREOF OR THEREOF AGAINST ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE, AS SUCH, IN HIS/HER INDIVIDUAL CAPACITY, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY WHETHER BY VIRTUE OF ANY CONSTITUTIONAL PROVISION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE. NO PERSONAL LIABILITY WHATSOEVER SHALL ATTACH TO, OR BE INCURRED BY, ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE AS SUCH, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY, UNDER OR BY REASON OF ANY OF THE OBLIGATIONS, PROMISES OR AGREEMENTS ENTERED INTO IN THE BONDS OR BETWEEN THE ISSUER AND THE TRUSTEE, WHETHER HEREIN CONTAINED OR TO BE IMPLIED HEREFROM AS BEING SUPPLEMENTAL HERETO; AND ALL PERSONAL LIABILITY OF THAT CHARACTER AGAINST EVERY SUCH TRUSTEE, MEMBER, OFFICER, AGENT, ATTORNEY AND EMPLOYEE IS, BY THE EXECUTION OF THE INDENTURE AND AS A CONDITION OF, AND AS PART OF THE CONSIDERATION FOR, THE EXECUTION OF THE INDENTURE, EXPRESSLY WAIVED AND RELEASED.

The Issuer shall not be liable for payment of the principal of or interest on the Bonds 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 Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

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

This Bond is one of a duly authorized issue of Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) (the "Bonds"), issuable under the Trust Indenture dated as of [_____] 1, 2026 (the "Indenture"), between the Issuer and the Trustee, aggregating in principal amount $[TAXABLE PAR] and used for the purpose of financing a loan (the "Loan") to be made to Hillcrest Hall LP, a California limited partnership (the "Borrower"). The Loan will be used by the Borrower to pay a portion of the costs of acquiring, constructing and equipping the Project, as defined in the Indenture, as further provided in the Loan Agreement dated as of even date with the Indenture (the "Loan Agreement"), between the Issuer and the Borrower. The Bonds are special limited obligations of the Issuer, issued or to be issued under and are to be secured and entitled equally and ratably to the protection given by the Indenture. The Bonds are issued pursuant to, under authority of and in compliance with the Act (as defined in the Indenture) and the Indenture.

The Bonds are issued concurrently and on a parity basis with the $18,200,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt).

The Bonds are subject to redemption and tender prior to their stated maturity, all as set forth in the Indenture.

Reference is made to the Indenture for a more complete description of the Project, the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer, the Trustee and the Holders of the Bonds, and the terms and conditions upon which the Bonds are issued and secured. Each Holder assents, by its acceptance hereof, to all of the provisions of the Indenture.

The Borrower is required by the Loan Agreement to cause the Lender (as defined in the Indenture) to make on its behalf deposits of Eligible Funds (as defined in the Indenture) to the Trustee in the amounts and at the times necessary to pay the principal of and interest (the "Bond Service Charges") on the Bonds. In the Indenture, the Issuer has assigned to the Trustee, to provide for the payment of the Bond Service Charges on the Bonds, the Issuer's right, title and interest in and to the Loan Agreement, except for Reserved Rights as defined in the Indenture. To secure its compliance with certain covenants in the Loan Agreement, the Borrower has executed and delivered the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [_____] 1, 2026 (the "Regulatory Agreement"), between the Issuer and the Borrower.

Copies of the Indenture, the Loan Agreement and the Regulatory Agreement are on file in the designated corporate trust office of the Trustee.

The Bond Service Charges on the Bonds are payable solely from the Revenues, as defined and as provided in the Indenture (being, generally, the amounts payable under the Loan Agreement and any unexpended proceeds of the Bonds), and are an obligation of the Issuer only to the extent of the Revenues. The Bonds are not secured by an obligation or pledge of any money raised by taxation and do not represent or constitute a debt or pledge of the faith and credit of the Issuer.

The Bonds are issuable only as fully registered bonds and, except as hereinafter provided, in printed or typewritten form, registered in the name of Cede & Co. as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), which shall be considered to be the Holder for all purposes of the Indenture, including, without limitation, payment by the Issuer of Bond Service Charges, and receipt of notices to, giving of consents by and exercise of rights of, Holders. There shall be a single Bond representing each maturity, and all Bonds shall be immobilized in the custody of DTC with the owners of beneficial interests in those Bonds (the "Book-Entry interests") having no right to receive from the Issuer Bonds in the form of physical securities or certificates. Ownership of Book-Entry interests in the Bonds shall be shown by Book-Entry on the system maintained and operated by DTC, its participants (the "Participants") and certain persons acting through the Participants, and transfers of ownership of Book-Entry interests shall be made only by that Book-Entry system, the Issuer and the Trustee having no responsibility therefor. DTC is to maintain records of the positions of Participants in the Bonds, and the Participants and persons acting through Participants are to maintain records of the purchasers and owners of Book-Entry

interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository (as defined in the Indenture) or to another nominee of a Depository, without further action by the Issuer and otherwise at the expense of the Borrower.

If any Depository determines not to continue to act as a Depository for the Bonds for use in a Book-Entry system, the Issuer may attempt to have established a securities depository/Book-Entry system relationship with another qualified Depository under the Indenture. If the Issuer does not or is unable to do so, the Issuer and the Trustee, after the Trustee has made provision for notification of the owners of Book-Entry interests by the then Depository, shall permit withdrawal of the Bonds from the Depository, and authenticate and deliver Bond certificates in fully registered form (in denominations of $5,000, or any integral multiple of $1,000 in excess thereof) to the assignees of the Depository or its nominee, all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Bond certificates) of those persons requesting such authentication and delivery, if the event is not the result of Issuer action or inaction (including action at the request of the Borrower).

The Indenture permits certain amendments or supplements to the Indenture, the Loan Agreement, the Regulatory Agreement and the Note not prejudicial to the Holders to be made without the consent of or notice to the Holders, and certain other amendments or supplements thereto to be made with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding.

The Holder of each Bond has only those remedies provided in the Indenture.

This Bond shall not be entitled to any security or benefit under the Indenture or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all acts, conditions, and things required by the Constitution and laws of the State and the Indenture to have happened, to exist, and to have been performed precedent to and in the issuance of this Bond and the Bonds do exist, have happened and have been performed in regular and due time, form and manner as required by said Constitution, laws and Indenture; and that this Bond and the Bonds do not exceed any constitutional or statutory limitation on indebtedness.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of an Authorized Issuer Representative all as of the Dated Date above.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____
Director of Financing

FORM OF CERTIFICATE OF AUTHENTICATION

This is one of the $[TAXABLE PAR] aggregate principal amount of the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) issued pursuant to the Indenture described herein.

Date of Registration and Authentication: _____.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and irrevocably constitutes and appoints _____ attorney to transfer that Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranteed:

Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agent Medallion Program or in such other guarantee program acceptable to the Registrar. Please insert social security number or other tax identification number of transferee.	Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

DTC FAST RIDER

Each Bond shall remain in the Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Trustee and DTC.

TRUST INDENTURE

between

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO,
as Issuer

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Dated as of [_____] 1, 2026

relating to

$18,200,000
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)

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TRUST INDENTURE

THIS TRUST INDENTURE is entered into as of [_____] 1, 2026 (this "Indenture"), by and between the **HOUSING AUTHORITY OF THE CITY OF SAN DIEGO** (together with its successors and assigns, the "Issuer"), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State"), created pursuant to Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "Act"), and **U.S. Bank Trust Company, National Association**, a national banking association, duly organized and existing under the laws of the United States and authorized to conduct business in the State, as trustee (together with any successor trustee hereunder, the "Trustee").

RECITALS

A. Certain of the capitalized terms and words used but not defined in these Recitals, and in the following Granting Clauses and Agreements, are defined in Section 1.01 of this Indenture.

B. The Issuer has been duly created and organized pursuant to and in accordance with the provisions of the Act. The Issuer is authorized by the Act to issue one or more series of its revenue bonds and loan the proceeds thereof to finance, among other things, the acquisition, construction and development of multifamily rental housing for persons and families of low or moderate income.

C. Pursuant to, and in accordance with the Act, the Issuer has determined to issue and sell its $18,200,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) (the "Bonds"), and use the proceeds thereof to make a loan to Hillcrest Hall LP, a California limited partnership (the "Borrower"), upon the terms and conditions of a promissory note dated the Closing Date from the Borrower to the Issuer in the aggregate original principal amount of $18,200,000 (the "Note") and the Loan Agreement dated as of the same date as this Indenture between the Issuer and the Borrower (the "Loan Agreement"), for purposes of funding a portion of the costs of (a) the acquisition, construction and equipping of an approximately 98-unit (including one manager's unit) multifamily rental housing development to be located within the City of San Diego, California known or to be known as Hillcrest Hall (as more particularly described herein, the "Project"); (b) funding any required reserve funds; (c) paying capitalized interest on the Bonds, if any; and (d) paying fees, expenses and costs incurred in connection with the authorization, issuance and sale of the Bonds.

D. The Borrower has delivered the Note to the Issuer, evidencing the Borrower's obligation to repay the Loan. The Issuer has made the Loan to the Borrower, subject to the terms and conditions of the Loan Agreement and this Indenture, including the terms and conditions thereof and hereof governing the disbursement of advances and the investment earnings thereon, and the Note has been endorsed by the Issuer to the Trustee.

E. The obligations of the Borrower under the Loan Agreement and the Note will be secured by the Trust Estate established hereunder.

F. Concurrently herewith, the Issuer will issue and sell its $[TAXABLE PAR] Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-2 (Taxable) (the "Taxable Bonds"), and use the proceeds thereof to make a loan to the Borrower, upon the terms and conditions of a Trust Indenture dated the date hereof, between the Issuer and the Trustee, and a Loan Agreement dated as of the date hereof, between the Issuer and the Borrower, for purposes of funding a portion of the costs of the Project.

G. Citibank, N.A. (in such capacity, the "Mortgage Lender") has agreed to provide a taxable construction loan (the "Mortgage Loan") to the Borrower, the proceeds of which shall be advanced pursuant to the Mortgage Loan Documents and used (i) to finance a portion of the costs of acquiring, constructing, and equipping of the hereinafter defined Project and (ii) to make deposits into the Collateral Fund. The Mortgage Lender will administer the Mortgage Loan in accordance with the Mortgage Loan Documents.

H. Pursuant to that certain Forward Commitment Agreement dated [June 1, 2026] (as may be amended, modified or supplemented from time to time, the "Forward Commitment Agreement"), between Citibank, N.A. (in such capacity, "Citibank") and the Borrower, Citibank has agreed, subject to the satisfaction of the terms and conditions set forth therein (the "Conditions to Funding"), to make a loan to the Issuer in the maximum principal amount of $18,200,000 (the "Funding Loan") pursuant to the provisions of the Funding Loan Agreement to be evidenced by the Governmental Lender Note on the Initial Mandatory Tender Date or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds (such date being the "Funding Date") which proceeds shall be deposited into the Funding Loan Fund and will be used by the Trustee to pay the purchase price of the Bonds as described below.

I. The Bonds shall be subject to mandatory tender on the Initial Mandatory Tender Date in accordance with Section 3.01 hereof, and on the Funding Date: (i) the purchase price of the Bonds shall be paid by the Trustee with the proceeds of the Funding Loan received from Citibank to purchase the Governmental Lender Note, (ii) the Funding Loan Agreement in substantially the form attached hereto as Appendix C and the Borrower Loan Agreement in substantially the form attached hereto as Appendix D shall be delivered by the respective parties and become effective and shall supersede this Indenture and the Loan Agreement, respectively, (iii) the Bonds shall be removed from the Book-Entry System and exchanged for a physical note (the "Governmental Lender Note"), in the form attached as Exhibit A to the Funding Loan Agreement, which shall be purchased by Citibank, and (iv) a portion of the Mortgage Loan in an amount equal to the Outstanding principal amount of the Bonds shall be repaid with amounts on deposit in the Collateral Fund.

J. The issuance, sale and delivery of the Bonds and the execution and delivery of this Indenture and the Loan Agreement have been in all respects duly and validly authorized in accordance with the Act, and the sale, execution and exchange of the Governmental Lender Note for the Bonds and the execution and delivery of the Funding Loan Agreement and the Borrower Loan Agreement on the Funding Date have been in all respects duly and validly authorized in accordance with the Act.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of any or all of the Bonds issued and sold by the Issuer from time to time under this Indenture by those who shall hold the same from time to time, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Issuer of the covenants set forth herein and in the Bonds and the payment and performance of all other of the Issuer's Obligations, the Issuer does hereby grant, bargain, sell, convey, pledge and assign, without recourse, unto the Trustee and unto its successors and assigns in trust forever, and grants to the Trustee and to its successors in trust, a security interest in, the following, which excludes in all cases the hereinafter defined Reserved Rights (such property being herein referred to as the "Trust Estate"):

I.

All right, title and interest of the Issuer in and to all Revenues, derived or to be derived by the Issuer or the Trustee for the account of the Issuer under the terms of this Indenture and the Loan Agreement, together with all other Revenues received by the Trustee for the account of the Issuer arising out of or on account of the Trust Estate;

II.

All right, title and interest of the Issuer in and to the Note including all payments and proceeds with respect thereto or replacement thereof;

III.

All moneys (including the Eligible Funds received by the Trustee for deposit into the Collateral Fund provided that Mortgage Loan proceeds become part of the Trust Estate concurrently with the Trustee's corresponding disbursement of Bond proceeds to or at the direction of the Mortgage Lender in accordance with Section 4.08 hereof) which are at any time or from time to time on deposit in any fund or account created under this Indenture (excluding funds in the Costs of Issuance Fund (but only to the extent such moneys are not proceeds of the Bonds), the Expense Fund, the Funding Loan Fund and the Rebate Fund);

IV.

All right, title and interest of the Issuer in and to, and remedies under, the Loan Agreement; and

V.

All funds, moneys and securities and any and all other rights and interests in property whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Bonds by the Issuer or by anyone on its behalf or with its written consent to the Trustee,

which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

PROVIDED, HOWEVER, that there shall be excluded from the granting clauses of this Indenture all the Reserved Rights, including, without limitation, all amounts paid or collected by the Trustee on behalf of the Issuer or the Issuer in connection therewith, and all amounts on deposit in the Rebate Fund (including any accounts thereof), which shall be held for the sole benefit of the United States of America;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in trust forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of all Holders from time to time of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds.

PROVIDED, HOWEVER, that if the Issuer shall well and truly pay, or cause to be paid, the principal of the Bonds issued hereunder, and interest due or to become due thereon, at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as required under Article VIII hereof or by depositing or causing to be deposited with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all of the covenants and conditions pursuant to the terms of this Indenture and all other of the Issuer's Obligations to be kept, performed and observed by it, the Rebate Amount shall be paid in full and there shall be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payment, as further provided in Section 8.01 hereof, and the termination of the Loan Agreement, this Indenture and the rights hereby granted shall cease, terminate and be completely discharged; otherwise, this Indenture shall remain in full force and effect.

AND IT IS EXPRESSLY DECLARED that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all such property, moneys, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted and does hereby agree and covenant with the Trustee and with the respective holders from time to time of the Bonds, or any part thereof, as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.01. Definitions. As used in this Indenture, the following terms shall have the meanings given to them in this Section unless the context clearly indicates otherwise; provided, however, that certain terms used in this Indenture are defined in the Loan Agreement and in the

form of Funding Loan Agreement attached as Appendix C hereto, and when and if used herein and not otherwise defined herein, such terms shall have the meanings given to them by the Loan Agreement and such Funding Loan Agreement, unless the context clearly indicates otherwise.

"*Act*" has the meaning set forth in the recitals to this Indenture.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Authorized Borrower Representative*" means any person who, at any time and from time to time, is designated as the Borrower's authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate revoking such person's authority to act in such capacity.

"*Authorized Denomination*" means (a) so long as the Bonds are rated "BBB-" or higher by a Rating Agency, $5,000, or any integral multiple of $1,000 in excess thereof, or (b) at any other time, $100,000 or any integral multiple of $1,000 in excess thereof, or the outstanding principal amount of the Bonds, if less.

"*Authorized Issuer Representative*" means any Designated Officer of the Issuer described in the Bond Resolution and such additional Person or Persons, if any, duly designated by the Issuer in writing to act on its behalf.

"*Bankruptcy Code*" means Title 11 of the United States Code entitled "Bankruptcy," as in effect now and in the future, or any successor statute.

"*Beneficial Owner*" shall have the meaning given such term in Section 2.11(b) herein.

"*Bond Counsel*" means Jones Hall LLP, or other counsel retained by the Issuer, the Borrower or the Underwriter and acceptable to the Issuer, which counsel shall be nationally recognized as having an expertise in connection with the exclusion of interest on obligations of states and local governmental units from the gross income of holders thereof for federal income tax purposes.

"*Bond Fund*" means the Bond Fund established pursuant to Section 4.01 hereof.

"*Bond Purchase Agreement*" means the Bond Purchase Agreement, dated [Sale Date], among the Issuer, the Borrower and Underwriter.

"*Bond Service Charges*" means, pursuant to Section 4.02 of the Loan Agreement, payments made by the Borrower to the Trustee for the account of the Issuer in an amount sufficient to pay the principal of and interest on the Bonds when due to the extent that amounts otherwise available for such payment are insufficient therefor.

"*Bond Year*" has the meaning set forth in the Tax Certificate.

"*Bondholder*" or "*Holder of the Bonds*" or "*Holder*" or "*Owner of the Bonds*" or "*Owner*" when used with respect to any Bond, means the person or persons in whose name such Bond is registered as the owner thereof on the books of the Issuer maintained by the Trustee at the Designated Office for that purpose.

"*Bonds*" means the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt).

"*Book-Entry Form*" or "*Book-Entry System*" means a form or system, as applicable, under which (i) the ownership of beneficial interests in the Bonds may be transferred only through a book entry and (ii) physical bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as holder, with the physical bond certificates "immobilized" in the custody of the Securities Depository.

"*Borrower*" means Hillcrest Hall LP, a California limited partnership, organized and existing under the laws of the State, and its permitted successors and assigns.

"*Borrower Documents*" means the Loan Agreement, the Note, the Tax Certificate, the Tax Regulatory Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement, and any and all documents, agreements or instruments executed by the Borrower in connection with the Loan evidenced by the Loan Agreement, but excluding the Mortgage Loan Documents.

"*Borrower Loan Agreement*" means the Borrower Loan Agreement, the form of which is attached hereto as Appendix D, which Borrower Loan Agreement shall be completed, executed, and delivered and become effective on the Funding Date.

"*Borrower Representative*" means a person at the time designated and authorized to act on behalf of the Borrower by a written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by one of its officers, which certificate may designate an alternate or alternates.

"*Borrower's Obligations*" means, without limitation, the obligations of the Borrower under the Loan Agreement, the Note, and the other Borrower Documents, including to (a) pay the principal of, and interest on the Note, when and as the same shall become due and payable (whether at the stated maturity thereof, on any payment date or by acceleration of maturity or otherwise), (b) pay all other amounts required by the Loan Agreement (including, without limitation, the Issuer Fees and Expenses and all indemnification payments due under the Loan

Agreement), the Note, and the other Borrower Documents to be paid by the Borrower to the Issuer, as and when the same shall become due and payable, and (c) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Borrower is required by the Loan Agreement, the Note, the Tax Regulatory Agreement, and any of the other Borrower Documents, to perform or observe.

"*Business Day*" or "*business day*" means any day other than (a) a Saturday or a Sunday, or (b) a day on which (i) banking institutions in the City of New York or in the city in which the Designated Office of the Trustee or Remarketing Agent is located is authorized or obligated by law or executive order to be closed, or (ii) the New York Stock Exchange is closed, and on which the United States Government makes payments of principal and interest on its Treasury obligations.

"*Cash Flow Projection*" means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by, and provided by or on behalf of, the Borrower and acceptable to the Rating Agency, establishing, to the satisfaction of the Rating Agency, the sufficiency of (a) the amount on deposit in the Special Funds, (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower to pay Bond Service Charges due on the Bonds, the Issuer Fees and Expenses, and Trustee's Fee and expenses, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds, (ii) a proposed remarketing of the Bonds, as provided in Section 3.03 hereof, (iii) the release of Eligible Funds from the Negative Arbitrage Account of the Bond Fund, as provided in Section 4.02 hereof, (iv) the purchase, sale or exchange of Eligible Investments as permitted hereunder; (v) the sale or other disposition by the Trustee of Eligible Investments prior to maturity at a price below par or (vi) the optional redemption of the Bonds as provided in Section 3.05 hereof.

"*Certificate of Occupancy*" means the temporary or final certificate(s) of occupancy, as the case may be, issued by the State Department of the State or the City of San Diego for the multifamily units in the Project, or if certificate(s) of occupancy are not required or provided for multifamily units, then evidence of all final inspection approvals needed to occupy the multifamily units.

"*Citibank*" means Citibank, N.A., a national banking association, and its successors and assigns.

"*Closing Date*" means [Closing Date], the date of delivery of the Bonds in exchange for the purchase price therefor.

"*Closing Memorandum*" means the closing memorandum or settlement statement signed by the Borrower to be delivered on or before the Closing Date.

"*Code*" means the Internal Revenue Code of 1986, as amended, including applicable final, temporary and proposed regulations and revenue rulings applicable thereto.

"*Collateral Fund*" means the Collateral Fund established pursuant to Section 4.01 hereof.

"*Completion Certificate*" means a certificate submitted by the Borrower Representative to the Issuer and the Trustee as provided in Section 3.05 of the Loan Agreement, a form of which is attached as Exhibit C to the Loan Agreement.

"*Completion Date*" means the date upon which the Completion Certificate and the Certificate of Occupancy are delivered by the Borrower to the Issuer and the Trustee.

"*Conditions to Funding*" has the meaning given to that term in the Forward Commitment Agreement.

"*Construction Draw Schedule*" means the schedule of the disbursement of the proceeds of the Bonds as provided in Exhibit B attached to the Loan Agreement, as the same may be amended from time to time with the consent of the Mortgage Lender (to the extent consent is required by the Mortgage Loan Documents).

"*Continuing Disclosure Agreement*" means the Continuing Disclosure Agreement, of even date herewith, between the Borrower and the Dissemination Agent, as the same may be amended, restated, supplemented or modified from time to time.

"*Costs*" with respect to the Project shall be deemed to include all items permitted to be financed under the applicable provisions of the Code and the Act, subject to the provisions hereof and of the Borrower Documents.

"*Costs of Issuance*" means all fees, costs and expenses payable or reimbursable directly or indirectly by the Issuer (including, without limitation, the Issuer Fee and any applicable fees of the Trustee) or the Borrower and related to the authorization, issuance and sale of the Bonds.

"*Costs of Issuance Deposit*" means the deposit into the Costs of Issuance Fund on the Closing Date in the amount of $[0.00].

"*Costs of Issuance Fund*" means the Costs of Issuance Fund created pursuant to Section 4.01 hereof.

"*Default*" means any Default under the Loan Agreement as specified in and defined by Section 7.01 thereof.

"*Designated Office*" of the Trustee, the Remarketing Agent or the Underwriter means, respectively, the designated corporate trust office of the Trustee at which its corporate trust business shall be administered or the office of the Remarketing Agent or the Underwriter at the respective Notice Address, or the designated corporate trust office of any successor Trustee, or at such other address as may be specified in writing by the Trustee, successor Trustee, the Remarketing Agent, or the Underwriter, as applicable, from time to time, in accordance with Section 12.05 hereof.

"*Determination of Taxability*" means a final decree or judgment of any federal court or a final action of the Internal Revenue Service determining that interest paid or payable on any Bond is or was includable in the gross income of a Holder of the Bonds for federal income tax purposes (other than any Holder who is a "substantial user" or "related person" to a "substantial user" within the meaning of Section 147(a) of the Code); provided, that no such decree, judgment, or action will be considered final for this purpose unless the Borrower has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Holder of a Bond, and until the conclusion of any appellate review, if sought.

"*Dissemination Agent*" means, initially, U.S. Bank Trust Company, National Association, a national banking association, or any dissemination agent subsequently appointed in accordance with the Continuing Disclosure Agreement.

"*Documents*" means and shall include (without limitation), with respect to the Bonds, this Indenture, the Loan Agreement, the Note, the Guarantor Indemnification, the Tax Regulatory Agreement, the Tax Certificate, and any and all other documents which the Issuer, the Borrower or any other party or parties or their representatives, have executed and delivered, or may hereafter execute and deliver, to evidence or secure the Issuer's Obligations or the Borrower's Obligations, or any part thereof, or in connection therewith, and any and all Supplements thereto, but excluding the Mortgage Loan Documents.

"*Eligible Funds*" means, as of any date of determination, any of:

(a) the proceeds of the Bonds (including any additional amount paid to the Trustee as the purchase price thereof by the Underwriter);

(b) moneys drawn on a letter of credit;

(c) moneys received by the Trustee representing advances to the Borrower of proceeds of the Mortgage Loan;

(d) remarketing proceeds of the Bonds (including any additional amount paid to the Trustee as the purchase and or remarketing price thereof by the Remarketing Agent) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer, or any Affiliate of either the Borrower or the Issuer);

(e) any other amounts, including the proceeds of any refunding bonds, for which the Trustee has received an Opinion of Counsel (which opinion may assume that no Holder or Beneficial Owner of Bonds is an "insider" within the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (B) payments of such amounts to Holders would not be avoidable as preferential payments under Section 547 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no Act of Bankruptcy has occurred during such period;

(g) proceeds of the Funding Loan received from Citibank to purchase the Governmental Lender Note on the Funding Date; and

(h) investment income derived from the investment of the money described in subsections (a) through (g) hereof.

"*Eligible Investments*" means, subject to the provisions of Section 6.01 hereof, any of the following investments that mature (or are redeemable at the option of the Trustee without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of this Indenture, to the extent the same are at the time legal for investment of the funds held under this Indenture (written direction of the Issuer or the Borrower to invest funds shall be conclusive evidence that the directed investment is at the time a legal investment of the funds held under this Indenture):

(a) Governmental Obligations; and

(b) To the extent permitted herein, shares or units in any money market mutual fund rated "Aaa-mf" by Moody's (or the equivalent Highest Rating Category given by a Rating Agency for that general category of security) including mutual funds of the Trustee or its Affiliates or for which the Trustee or an Affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor that are registered under the Investment Company Act of 1940, as amended, whose investment portfolio consist solely of direct obligations of the government of the United States of America.

"*Event of Default*" or "*Default*" means, when used in this Indenture, those events of default or defaults specified in Section 9.01 hereof and, when used in the Loan Agreement, those events of default or defaults specified in Section 7.01 thereof.

"*Expense Fund*" means the Expense Fund created pursuant to Section 4.01 of this Indenture.

"*Extension Payment*" means the amount due, if any, in connection with the change or extension of the Mandatory Tender Date pursuant to Section 3.03 hereof, and (a) which shall be determined by a Cash Flow Projection approved in writing by the Rating Agency and (b) must consist of Eligible Funds.

"*Forward Commitment Agreement*" means that certain Forward Commitment Agreement dated [June 1, 2026], between the Borrower and Citibank, pursuant to which Citibank has agreed, subject to satisfaction of the Conditions to Funding, to make the Funding Loan to the Issuer, the proceeds of which will be used by the Trustee to pay the purchase price of the Bonds which shall be exchanged for the Governmental Lender Note, as such commitment may be amended, modified or supplemented from time to time.

"*Funding Date*" means the date on which the Conditions to Funding are satisfied and Citibank makes the Funding Loan, which Funding Date shall occur, if at all, on the Initial Mandatory Tender Date or any subsequent Mandatory Tender Date.

"*Funding Loan*" has the meaning set forth in the recitals to this Indenture.

"*Funding Loan Agreement*" means the Funding Loan Agreement attached hereto as Appendix C, which Funding Loan Agreement shall be executed, delivered and become effective on the Funding Date.

"*Funding Loan Fund*" means the Funding Loan Fund created in Section 4.01 hereof.

"*General Partner*" means, collectively, (i) Bold Hillcrest LLC, a California limited liability company, as the managing general partner (the "Managing General Partner"), (ii) Hillcrest Hall AGP LLC, a California limited liability company, as the co-administrative general partner ("Hillcrest Hall AGP"), (iii) E. Smith Hillcrest Hall LLC, a California limited liability company, as the co-administrative general partner ("E. Smith" and, together with Hillcrest Hall AGP, the "Administrative General Partner"), and/or (iv) any other Person that the partners of the Borrower, selected to be a General Partner of the Borrower.

"*Governmental Authority*" means any federal, State or local governmental or quasi-governmental entity, including, without limitation, any agency, department, commission, board, bureau, administration, service, or other instrumentality of any governmental entity.

"*Governmental Lender Note*" has the meaning set forth in the recitals to this Indenture.

"*Governmental Obligations*" means (a) noncallable, non-redeemable direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

"*Governmental Requirements*" means all laws, ordinances, orders, rules or regulations of any Governmental Authority applicable to the Project, the Issuer, the Borrower or any of the Borrower's assets or other properties, including without limitation, laws, ordinances, orders, rules and regulations relating to securities or other public disclosures, zoning, licenses, permits, subdivision, building, safety, health, and fire protection and all environmental laws.

"*Guarantor*" means, collectively, Castellan Holdings LLC, a Delaware limited liability company, and/or any other person or entity which may hereafter become a guarantor of any of the Borrower's obligations under the Loan.

"*Guarantor Indemnification*" means the Guarantor Indemnification, dated as [Closing Date], made by the Guarantor in favor of the Issuer.

"*Hazardous Materials*" means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls ("PCBs") and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; radon; mold; toxic or mycotoxin spores; any substance the presence of which on the Mortgaged Property is prohibited by any federal, state or local authority; any substance that requires special handling; and any other material or substance (whether or not naturally occurring) now or in the future that (i) is defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "solid waste," "pesticide," "contaminant," or "pollutant," or otherwise classified as hazardous or toxic by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law, excluding such quantities of any such substance as are routinely used or commercially acceptable for the purpose of the construction, operation and ongoing maintenance of multifamily residential developments in the State.

"*Hazardous Materials Laws*" means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, rule of common law (including, without limitation, nuisance and trespass), consent order, administrative rulings and court judgments and decrees or other government directive in effect now or in the future and including all amendments, that relate to Hazardous Materials or to the protection or conservation of the environment or human health and apply to Borrower or to the Mortgaged Property, including, without limitation, those relating to industrial hygiene, or the use, analysis, generation, manufacture, storage, discharge, release, disposal, transportation, treatment, investigation, or remediation of Hazardous Materials. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, et seq., the Superfund Amendments and Reauthorization Act, the Solid Waste Disposal Act, the Clean Air Act, the Occupational Safety and Health Act, and their state analogs.

"*Highest Rating Category*" means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category, provided that such rating shall include but not be below "Aa1" or "Aa1"/"VMIG 1" if rated by Moody's or "A-1+" or "AA+" if rated by S&P.

"*Indenture*" means this Trust Indenture, dated as of [_____] 1, 2026, by and between the Issuer and the Trustee, and any and all Supplements hereto.

"*Independent*" means any person not an employee or officer of the Borrower or its Affiliates.

"*Initial Deposit*" means Eligible Funds in the amount of $[Initial Deposit].

"*Initial Interest Rate*" means [_.__]%.

"*Initial Mandatory Tender Date*" means [_____].

"*Initial Remarketing Date*" means the Initial Mandatory Tender Date, but only if (i) the conditions for remarketing the Bonds on such date as provided in Section 3.03 hereof are satisfied, and (ii) the Initial Mandatory Tender Date is not the Funding Date.

"*Interest Payment Date*" means (a) [____] 1 and [____] 1 of each year beginning [_____] 1, 2026, and (b) each Mandatory Tender Date.

"*Interest Period*" means, initially, the period from the Closing Date to but not including first Interest Payment Date, and thereafter, the period commencing on each succeeding Interest Payment Date and ending on the last day of the month preceding the next Interest Payment Date.

"*Interest Rate*" means the Initial Interest Rate to but not including the Initial Mandatory Tender Date, as applicable, and thereafter the applicable Remarketing Rate; provided, however, commencing on the Initial Mandatory Tender Date, or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds, the Interest Rate shall be established in accordance with Section 2.01 hereof.

"*Investor Limited Partner*" means RSEP Holding, LLC, a Delaware limited liability company, and its successors and assigns.

"*Issuer*" means the Housing Authority of the City of San Diego, a public body, corporate and politic, duly organized and existing under the laws of the State, and any successor to its rights, duties and obligations.

"*Issuer Documents*" means the Loan Agreement, this Indenture, the Tax Regulatory Agreement, the Bond Purchase Agreement, the Tax Certificate and any and all documents, agreements or instruments executed by the Issuer in connection with the Loan.

"*Issuer Fee*" means the one-time, up-front fee to be paid to the Issuer on the Closing Date.

"*Issuer Fees and Expenses*" means (i) the Issuer Fee and (ii) any other fees, charges, costs, advances, indemnities and expenses (including attorneys' fees and expenses), whether out-of-pocket or internal, that may be incurred at any time by the Issuer hereunder or under or in connection with the Documents or the Bonds, or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit, or otherwise in connection with the Bonds or the Project, as set forth in the Tax Regulatory Agreement.

"*Issuer Indemnified Party*" *or* "*Issuer Indemnified Parties*" means the Issuer, and any past, present, and future directors, members, officers, agents, employees or attorneys of the Issuer, its successors and assigns.

"*Issuer's Obligations*" means the obligations of the Issuer under the Bonds, this Indenture, and the other Documents to which the Issuer is a party, subject in the entirety to Sections 2.09 and 7.02(b) hereof, to (a) pay the principal of and interest on the Bonds (including supplemental interest) solely and exclusively from the Trust Estate, when and as the same shall

become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of prepayment or otherwise) and, (b) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Issuer is required, by the Bonds, this Indenture, or any of the other Documents, to perform and observe.

"*Liabilities*" means any and all causes of action (whether in contract, tort or otherwise), claims, actions, damages (including, but not limited to, consequential, indirect, special and punitive damages), demands, judgments, liabilities, losses, suits, fines, penalties, costs, taxes and expenses (including, without limitation, costs of investigation, attorney's fees and expenses, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) of every kind, character and nature whatsoever.

"*Loan*" means the loan by the Issuer to the Borrower in the principal amount of $18,200,000 evidenced by the Note, described in the Loan Agreement and made in connection with the issuance of the Bonds.

"*Loan Agreement*" means the Loan Agreement dated as of [_____] 1, 2026, between the Issuer and the Borrower, and any and all Supplements thereto.

"*Loan Payments*" means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Note and Section 4.02 of the Loan Agreement.

"*Local Time*" means Eastern time (daylight or standard, as applicable).

"*Mandatory Tender Date*" means each date on which all Outstanding Bonds are subject to mandatory tender as set forth in Section 3.01(b) hereof, including the Initial Mandatory Tender Date.

"*Maturity Date*" means [December 1, 2059][NTD: January 1, 2060 if June closing].

"*Maximum Interest Rate*" means the interest rate equal to the lesser of: (a) 12% per annum, or (b) the maximum interest rate per annum permitted by applicable State law.

"*Moody's*" means Moody's Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Remarketing Agent.

"*Mortgage Lender*" means Citibank, N.A., and any successors or assigns.

"*Mortgage Loan*" means the taxable construction loan to be made by the Mortgage Lender to the Borrower with respect to the Project, as described and provided for in the Mortgage Loan Documents.

"*Mortgage Loan Documents*" means the Mortgage Loan Security Instrument, the mortgage note, and all other documents required by the Mortgage Lender in connection with the Mortgage Loan.

"*Mortgage Loan Security Instrument*" means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Taxable), dated of even date herewith executed by the Borrower for the benefit of the Mortgage Lender, as beneficiary, securing the Mortgage Loan, as the same may be amended, supplemented or restated.

"*Negative Arbitrage Account*" means the Negative Arbitrage Account of the Bond Fund created in Section 4.01 hereof.

"*Note*" means the Promissory Note dated the Closing Date from the Borrower to the Issuer in substantially the form attached as Exhibit A to the Loan Agreement, and any amendments, Supplements or modifications thereto, which Note has been assigned by the Issuer to the Trustee.

"*Notice Address*" means, in respect of a party, the applicable notice address designated pursuant to Section 12.05 hereof.

"*Official Statement*" means the Official Statement dated [Sale Date], relating to the Bonds.

"*Opinion of Counsel*" means an opinion from an attorney or firm of attorneys, acceptable to the addressee thereof, with experience in the matters to be covered in the opinion.

"*Optional Call Date*" means any date on or after [_____].

"*Outstanding*," "*outstanding*" or "*Bonds Outstanding*" when used with respect to the Bonds means any Bonds theretofore authenticated and delivered under this Indenture, except:

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

(b) Bonds for the payment of which moneys or obligations shall have been irrevocably deposited with the Trustee in accordance with Article VIII;

(c) Bonds paid pursuant to the penultimate sentence of Section 2.07 hereof; or

(d) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture.

"*Partnership Agreement*" means the Amended and Restated Agreement of Limited Partnership of the Borrower, dated the Closing Date, as it may be amended in accordance with the Borrower Documents and the Mortgage Loan Documents.

"*Permitted Encumbrances*" means the Mortgage Loan Security Instrument, together with all other encumbrances that are "Permitted Encumbrances" within the meaning given such term in the Mortgage Loan Security Instrument.

"*Person*" shall include an individual, association, unincorporated organization, corporation, partnership, joint venture, or government or agency or political subdivision thereof.

"*Project*" means the multifamily rental housing project located in the City of San Diego, California known or to be known as "Hillcrest Hall," which, upon completion, will contain approximately 98 affordable rental housing units (including one manager's unit) and which may include such ancillary uses as parking, community space, and other functionally related and subordinate uses. The Project also includes approximately 2,394 square feet of commercial retail space which will be subject to a master lease between the Borrower, as lessor, and an affiliate of the Administrative General Partner, as lessee, and not funded from the Bonds as Qualified Project Costs.

"*Project Fund*" means the Project Fund established pursuant to Section 4.01 hereof.

"*Qualified Project Costs*" means any expenditures which (a) are incurred not more than 60 days prior to the date on which the Issuer first declared its "official intent" (within the meaning of Treasury Regulation Section 1.150-2) with respect to the Project (other than preliminary expenditures with respect to the Project in an amount not exceeding 20% of the aggregate principal amount of the Bonds); (b) are made exclusively to provide facilities and improvements that constitute part of a "qualified residential rental project" within the meaning of Section 142(d) of the Code; and (c) are properly chargeable to the Project's capital account under general federal income tax principles or that would be so chargeable with a proper election or but for a proper election by the Borrower to deduct such expenditure. However, "Qualified Project Costs" do not include (i) issuance costs of the Bonds (within the meaning of Section 147(g) of the Code) or (ii) any fee, charge or profit payable to the Borrower or a "related person" (within the meaning of Section 144(a)(3) of the Code) of the Borrower. As used herein, the term "preliminary expenditures" includes architectural, engineering, surveying, soil testing and similar costs that were incurred prior to the commencement of construction of the Project, but does not include land acquisition, site preparation and similar costs incident to commencement of construction of the Project.

"*Rating Agency*" means any national rating agency then maintaining a rating on the Bonds, and initially means Moody's.

"*Rating Category*" means one of the rating categories of the Rating Agency for the specific type and duration of the applicable Eligible Investment.

"*Rebate Amount*" means the amount, if any, which is to be paid to the United States of America pursuant to Section 148(f) of the Code and Section 4.06 hereof.

"*Rebate Analyst*" means a certified public accountant, financial analyst or attorney, or any firm of the foregoing, or a financial institution experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and selected by the Borrower and acceptable to the Issuer, the expense of which shall be borne by the Borrower, to calculate the Rebate Amount. The initial Rebate Analyst will be Tiber Hudson LLC.

"*Rebate Fund*" means the Rebate Fund established pursuant to Section 4.01 hereof.

"*Record Date*" means the 15th day of the month preceding any Interest Payment Date or 45 days prior to any Mandatory Tender Date.

"*Register*" has the meaning set forth in Section 2.08 hereof.

"*Remarketing Agent*" means Stifel, Nicolaus & Company, Incorporated, or any successor as Remarketing Agent designated in accordance with Section 10.24 hereof.

"*Remarketing Agent's Fee*" means the fee of the Remarketing Agent for its remarketing services.

"*Remarketing Agreement*" means the Remarketing Agreement, dated as of [_____] 1, 2026, by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

"*Remarketing Date*" means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to Section 3.03 for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

"*Remarketing Expenses*" means the costs, fees and expenses incurred by the Trustee and its counsel, the Remarketing Agent and its counsel, the Issuer and its counsel, and Bond Counsel in connection with the remarketing of the Bonds, including bond printing and registration costs, costs of funds advanced by the Remarketing Agent, registration and filing fees, rating agency fees and other costs and expenses incurred in connection with or properly attributable to the remarketing of Bonds as certified to the Trustee by the Remarketing Agent in writing.

"*Remarketing Notice Parties*" means the Borrower, the Investor Limited Partner, the Issuer, the Trustee, the Remarketing Agent, the General Partner, Citibank, and the Mortgage Lender.

"*Remarketing Period*" means the period beginning on a Remarketing Date and ending on the earlier of (i) the last day of the term for which Bonds are remarketed pursuant to Section 3.03, or (ii) the final Maturity Date of the Bonds.

"*Remarketing Proceeds Account*" means the Remarketing Proceeds Account of the Bond Fund established pursuant to Section 4.01 hereof.

"*Remarketing Rate*" means the interest rate or rates established pursuant to Section 2.01 and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

"*Requisition*" means the written request to make a disbursement from the Project Fund in substantially the form attached as Appendix B hereto, submitted in the manner provided pursuant to Section 5.02 hereof.

"*Reserved Rights*" means the rights of the Issuer set forth in this Indenture, the Loan Agreement and the other Issuer Documents to (a) inspect books and records, (b) give or receive notices, approvals, consents, requests, and other communications, (c) receive payment of its Issuer Fee and payment or reimbursement for any other Issuer Fees and Expenses, (d) the benefit

of all provisions providing the Issuer immunity from, and limitation of, liability, (e) indemnification from liability by the Borrower and Guarantor (including under the Guarantor Indemnification) and (f) security for the Borrower's and Guarantor's indemnification obligation.

"*Revenues*" means (a) the Loan Payments, (b) the Eligible Funds received by the Trustee for deposit into the Collateral Fund, (c) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (d) any money and investments in the Special Funds, and (e) all income and profit from the investment of the foregoing moneys. The term "Revenues" does not include any money or investments in the Rebate Fund, the Costs of Issuance Fund (but only to the extent such moneys are not proceeds of the Bonds), or the Expense Fund, amounts paid as fees, reimbursement for expenses or for indemnification of the Issuer and the Trustee, or amounts paid to or collected by the Issuer in connection with any Reserved Rights.

"*Securities Depository*" means The Depository Trust Company, its successors and assigns, or any other securities depository for the Bonds designated by the Issuer or the Borrower to the Trustee in writing.

"*Special Funds*" means, collectively, the Bond Fund, the Collateral Fund, the Project Fund, and any accounts therein, all as established pursuant to this Indenture.

"*State*" means the State of California.

"*Supplement*" or "*Supplements*" means any and all extensions, renewals, modifications, amendments, supplements and substitutions.

"*Tax Certificate*" means the Certificate as to Arbitrage, dated the Closing Date, between the Issuer and the Borrower, and the Certificate Regarding Use of Proceeds, dated the Closing Date, by the Borrower.

"*Tax Regulatory Agreement*" means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [_____] 1, 2026, by and among the Issuer, the Trustee, and the Borrower relating to the Bonds, and any and all modifications thereof, amendments and Supplements thereto and substitutions therefor.

"*Term of Agreement*" means the term of the Loan Agreement as specified in Section 8.01 of the Loan Agreement.

"*Title Company*" means First American Title Insurance Company, through its authorized agent, Newmark Title Services, LLC.

"*Trust Estate*" has the meaning given such term in the Granting Clauses of this Indenture.

"*Trustee*" means U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, organized and existing under the laws of the United States and authorized to conduct business in the State, and its successor or successors in the trust created by this Indenture.

"*Trustee's Fee*" means initially $[4,000] per year, subject to adjustment in accordance with the Trustee's fee schedule.

"*Undelivered Bond*" means any Bond that is required under this Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date but that has not been received on the date such Bond is required to be so delivered.

"*Underwriter*" means Stifel, Nicolaus & Company, Incorporated.

Section 1.02. Rules of Construction. The words "hereof," "herein," "hereunder," "hereto," and other words of similar import refer to this Indenture in its entirety.

The terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants."

References to Articles, Sections, and other subdivisions of this Indenture are to the designated Articles, Sections, and other subdivisions of this Indenture.

The headings of this Indenture are for convenience only and shall not define or limit the provisions hereof.

All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

Any reference to particular sections or subsections of the Code and applicable income tax regulations shall include any successor provisions of law or regulations, to the extent the same shall apply to the Bonds.

Any reference to a Bond or to the Bonds shall include each portion in the minimum Authorized Denomination of any registered bond having a denomination greater than the minimum Authorized Denomination.

Any direction, consent, approval or similar action required hereunder shall be in writing and signed by an authorized representative of the party providing such direction, consent, approval or similar action.

Any reference to a document or instrument shall mean and include such document or instrument as it may be amended from time to time, unless expressly otherwise stated.

Section 1.03. Determinations. The Issuer, based on the information provided by the Borrower, has determined that the issuance of the Bonds and the making of the Loan to the Borrower for the purpose of financing and/or refinancing, as applicable, all or a portion of the costs of the Project further advance the interest of the Issuer under the Act and are in the public interest. The Issuer is issuing the Bonds with the intent and expectation that the income from the Bonds will be generally excludable from gross income under the Code, which expectation is based on an opinion of Bond Counsel to that effect (subject to customary limitations).

ARTICLE II

CREATION OF BONDS; DETAILS OF THE BONDS

Section 2.01. Authorization and Terms of Bonds.

(a) ***Authorization of Bonds***. The Issuer hereby authorizes for issuance under this Indenture bonds in the original aggregate principal amount of $18,200,000, which shall be designated "Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt)," to be issued as hereinafter provided.

(b) ***Registered Form; Numbering***. The Bonds shall be issuable only as fully registered Bonds in Authorized Denominations, substantially in the form, appropriately completed, attached hereto as Appendix A and made a part hereof. The Bonds shall be lettered "R," and shall be numbered separately from "1" consecutively upward.

(c) ***Date, Denominations, Dates from Which Interest Payable, Interest Rate and Maturity***. The Bonds shall be dated the Closing Date, shall be issued in Authorized Denominations, and shall bear interest on the principal amount Outstanding from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or provided for, from their date of initial delivery, payable on each Interest Payment Date. The Bonds shall bear interest for each Interest Period at the Interest Rate all as more specifically set forth hereinafter. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds shall mature on the Maturity Date, subject to mandatory tender for purchase as set forth in Section 3.01 hereof.

(d) ***Initial Interest Rate***. From the Closing Date to, but not including, the Initial Mandatory Tender Date, the interest rate on the Bonds shall be the Initial Interest Rate. On the Initial Mandatory Tender Date, the Bonds shall be subject to mandatory tender pursuant to Section 3.01 hereof. If insufficient funds are available to pay the purchase price on the Bonds following such mandatory tender on the Initial Mandatory Tender Date, the Bonds shall accrue interest at the Maximum Interest Rate until funds are available for payment of the purchase price, with interest being paid monthly on the first Business Day of each month.

(e) ***Establishment of Remarketing Rate***. The Remarketing Agent shall establish the interest rate on the Bonds Outstanding for each Remarketing Period at the Remarketing Rate in accordance with this Section 2.01. Not less than 10 Business Days preceding each Remarketing Date, the Remarketing Agent, taking into consideration prevailing market conditions, shall, using its best professional judgment, determine the minimum rate(s) of interest which, if borne by the Bonds then Outstanding for the Remarketing Period specified by the Remarketing Agent at the direction of the Borrower as provided in Section 3.03 hereof, and shall offer for sale and use its best efforts to sell the Bonds Outstanding on the Remarketing Date at a price equal to 100% of the principal amount of such Bonds plus, if such Remarketing Date is a date other than a scheduled

Interest Payment Date, accrued interest on such Bonds from the preceding Interest Payment Date to which interest has been paid. The rate of interest determined in accordance with the previous sentence shall be the Remarketing Rate for the specified Remarketing Period; provided that if the rate of interest so determined for such period would exceed the Maximum Interest Rate, the Bonds Outstanding shall be remarketed for the longest Remarketing Period for which the minimum rate of interest that would enable such Bonds to be remarketed at a price equal to 100% of the principal amount of such Bonds that would not exceed the Maximum Interest Rate. Notwithstanding the foregoing, if the rate of interest so determined for any Remarketing Period would exceed the Maximum Interest Rate permitted by applicable State law, the Bonds Outstanding shall not be remarketed.

(f) ***Notice of Remarketing Rate***. The Remarketing Agent shall, upon determination of the Remarketing Rate and Remarketing Period, immediately (and in no event later than the Business Day following the day on which the Remarketing Agent makes its determination of the Remarketing Rate and the Remarketing Period) give notice of its determination by telephone or telecopy, promptly confirmed in writing within 10 Business Days, to the Trustee, the Issuer, the Borrower, and the Investor Limited Partner. The Remarketing Rate and the Remarketing Period shall be conclusive and binding upon the Trustee, the Issuer, the Borrower and the Holders for the purposes of this Indenture.

(g) ***Book-Entry Form***. Initially, the Bonds shall be in Book-Entry Form by issuing a single bond in the amount of $18,200,000, registered in the name of Cede & Co. (defined below), as nominee for DTC (defined below). In the event DTC discontinues its service with respect to the Bonds and the Book-Entry System is terminated, replacement Bonds shall be issued in Authorized Denominations.

(h) ***Medium and Place of Payment***. Principal of and interest on the Bonds shall be payable in lawful money of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, but only from the Revenues and any other monies included in the Trust Estate and made available to the Issuer for such purpose. Principal of the Bonds shall be payable at the Designated Office upon presentation and surrender of the Bonds as the same become due, and upon the request of any registered Owner of Bonds on the applicable Record Date having an aggregate principal amount of $1,000,000 or more, such principal shall be paid by wire transfer of immediately available funds from the Trustee to the bank and account number specified by such Owner in writing to the Trustee. Interest on the Bonds shall be payable to each registered Owner of the Bonds by wire or check mailed on the Interest Payment Date to the Person in whose name the Bond is registered at the close of business of the Record Date applicable to that Interest Payment Date on the registration books kept by the Trustee at the address appearing therein, or, upon the request of any registered Owner of Bonds having an aggregate principal amount of $1,000,000 or more, by wire transfer of immediately available funds from the Trustee to the bank and account number specified by such Owner in writing to the Trustee at least three Business Days prior to the applicable payment date.

(i) ***Form of Bonds***. The definitive Bonds, which may be printed, typewritten, photocopied, or otherwise reproduced, including the Trustee's Certificate of Authentication to be endorsed thereon, shall be substantially in the form as set forth in Appendix A attached hereto with such appropriate variations, omissions and insertions as permitted or required by this Indenture.

(j) ***Payments or Actions to be taken on Saturdays, Sundays and Holidays***. In any case where the date of any action required hereunder to be taken or the date of maturity of interest on or principal of the Bonds, shall not be a Business Day, then payment of interest or principal or the taking of such action need not be made or taken on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date such action was to be taken.

(k) ***CUSIP Numbers***. The Issuer in issuing the Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that the Trustee shall have no liability for any defect in the "CUSIP" numbers as they appear on any Bond, notice or elsewhere, and, provided further that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

Section 2.02. Source of Payment of Bonds. The Issuer shall be obligated to pay the principal of and the interest on the Bonds only out of the Trust Estate (including, without limitation, the Revenues pledged for the payment thereof under this Indenture and the amounts held in any fund or account created under this Indenture, other than amounts held in the Rebate Fund, the Costs of Issuance Fund, and the Expense Fund). Nothing in the Bonds or in this Indenture shall be construed as pledging any other funds or assets of the Issuer or any amounts due to the Issuer in connection with the Reserved Rights. All the Bonds to be issued hereunder shall be equally and ratably secured, to the extent provided herein, by this Indenture.

Section 2.03. Execution of Bonds. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of an Authorized Issuer Representative. In case any Authorized Issuer Representative whose signature or a facsimile of whose signature shall appear on any of the Bonds shall cease to be an Authorized Issuer Representative before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such Authorized Issuer Representative had remained in office until delivery. Furthermore, it shall not be necessary that the same Authorized Issuer Representative sign all of the Bonds that may be issued hereunder at any one time or from time to time.

Section 2.04. Certificate of Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth in the form of the Bond herein provided and duly executed by the Trustee, at the written direction of the Issuer, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the

Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if manually signed by an authorized signatory of the Trustee, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds issued hereunder. At the time of authentication of any Bond, the Trustee shall insert therein the date from which interest on such Bond shall be payable as provided in Section 2.01(c).

Section 2.05. Authentication and Delivery of Bonds. The Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to the purchaser or purchasers as may be directed by the Issuer as provided in this Section.

Prior to the authentication by the Trustee of the Bonds, there shall have been filed with the Trustee:

(a) A copy, certified by an Authorized Issuer Representative, of all resolutions (the "Resolution") adopted and proceedings had by the Issuer relating to the Bonds, authorizing the execution, delivery and performance of this Indenture and the other Issuer Documents;

(b) A fully executed copy of this Indenture;

(c) A copy of the fully executed Loan Agreement, the Tax Regulatory Agreement, the Tax Certificate, and the Note, along with written evidence that the original, fully executed Note has been sent to the Trustee for delivery;

(d) An opinion of Bond Counsel with respect to the exclusion from gross income for federal and State income tax purposes of interest payable on the Bonds;

(e) An opinion of Bond Counsel or counsel to the Issuer or a certificate of the Issuer to the effect that the Issuer Documents have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding agreements of the Issuer;

(f) An opinion of counsel for the Borrower and the Guarantor to the effect that the Borrower Documents and the Documents to which the Guarantor is a party (including, without limitation, the Guarantor Indemnification), respectively, have been duly authorized, executed and delivered by the Borrower and the Guarantor, as applicable, and are legal, valid and binding agreements of the Borrower and the Guarantor, as applicable;

(g) An opinion of counsel to the Trustee to the effect that the Documents to which it is a party have been duly authorized, executed and delivered by the Trustee and are legal, valid and binding agreements of the Trustee;

(h) A written request and authorization signed by an Authorized Issuer Representative authorizing the Trustee to authenticate and to deliver the Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of

the Issuer of the amount specified in such request and authorization plus accrued interest, if any, thereon to the date of delivery;

(i) The Initial Deposit; and

(j) Such other documents, opinions and certificates as may be reasonably required by the Issuer, the Trustee, Bond Counsel, the Underwriter or Citibank.

The proceeds from the sale of the Bonds shall be paid over directly to the Trustee and deposited to the credit of the Project Fund, as provided under Article V hereof.

Section 2.06. Temporary Bonds. Until Bonds in definitive form are ready for delivery, the Issuer may execute, and upon its request in writing, the Trustee shall authenticate and deliver in lieu of any thereof, and subject to the same provisions, limitations and conditions, one or more printed, typewritten or photocopied Bonds in temporary form, substantially of the tenor of the Bonds herein described, and with appropriate omissions, variations and insertions. Such Bond or Bonds in temporary form shall be delivered in denominations authorized by this Indenture, may be numbered using the prefix "T" before any number thereon as authorized by this Indenture, and may bear a legend thereon setting forth the terms for the exchange thereof for Bonds in definitive form. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit of this Indenture. The Issuer shall, without unreasonable delay (unless the Holders of the Bonds issued in temporary form agree otherwise), prepare, execute and deliver to the Trustee, and thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form, the Trustee shall authenticate and deliver, in exchange therefor, a Bond or Bonds in a definitive authorized form in Authorized Denominations, of the same maturity or maturities, bearing the same interest rate or rates and for the same aggregate principal amount as the Bond or Bonds in temporary form surrendered. Such exchange shall be made by the Issuer at the Borrower's expense and without making any charge to the Holders of the Bonds therefor.

Section 2.07. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond of like date, maturity, interest rate and denomination as that of the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond there shall be first furnished to the Issuer and the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to them. The Trustee may, with the consent of the Holder, provide to the Holder a typewritten (or similarly reproduced) Bond certificate in lieu of a printed Bond certificate. In the event any such Bond shall have matured, instead of issuing a duplicate Bond the Trustee may pay the same without surrender thereof. The Issuer and the Trustee may charge the Holder of such Bond their expenses and reasonable fees, if any, in connection with the preparation, execution and authentication of a replacement Bond.

Section 2.08. Registration, Negotiability, Transfer and Exchange of Bonds; Transfer Restrictions. All of the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So

long as any of the Bonds shall remain outstanding, the Trustee on behalf of the Issuer shall maintain and keep at its Designated Office, books for the registration and transfer of Bonds (the "Register"); and, upon presentation thereof for such purpose at such office, the Trustee shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as the Issuer or the Trustee may prescribe, any Bond entitled to registration or transfer.

Each Bond shall be transferable only upon the books of the Issuer maintained for such purpose by the Trustee, at the written request of the registered Owner thereof or his attorney duly authorized in writing, upon presentation and surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Owner or his attorney duly authorized in writing. Upon the surrender for transfer of any Bond, the Issuer shall issue, and the Trustee shall authenticate, in the name of the transferee, in Authorized Denominations, a new Bond or Bonds without coupons of the same aggregate principal amount, series, maturity and interest rate as the surrendered Bond.

Other than as required by the terms of this Indenture and the obligations and duties set forth herein, the Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Bond (including any transfers between or among Participants or Beneficial Owners of interests in any global Bond) other than to require delivery of such certificates and other documentation or evidence as is expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof. Subject to Section 10.06(c), neither the Trustee nor any agent shall have any responsibility or liability for any actions taken or not taken by the Securities Depository.

The Issuer and the Trustee may deem and treat the person in whose name any Outstanding registered Bond shall be registered upon the books of the Issuer as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

For every exchange or transfer of Bonds, whether temporary or definitive, the Issuer or the Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture to the contrary, any fees or expenses of the Issuer or the Trustee incurred in connection therewith (except any applicable tax or other governmental charge) shall be paid by the Borrower as required by the Loan Agreement. The Issuer shall not be obligated to make any such exchange or transfer of Bonds during the 15 days next preceding an interest payment date on the Bonds. The transferor shall also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting

obligations, including without limitation any cost basis reporting obligations under Section 6045 of the Code. The Trustee may conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Notwithstanding any other provision hereof and subject to the last sentence of this paragraph, each initial Owner of any of the Bonds shall either be (i) a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended); or (ii) an "accredited investor" (as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended) that, in either case, has provided an "Investor Letter" in form and substance satisfactory to the Issuer, to the Issuer and the Trustee. Thereafter, neither the Bonds nor any beneficial ownership interest in such Bonds may be transferred by the Owner thereof except (A) in Authorized Denominations and (B) to any person that is either a "qualified institutional buyer" or an "accredited investor". At such time as the Borrower shall provide to the Issuer and the Trustee written evidence to the effect that each Rating Agency then rating the applicable Bonds has rated such Bonds "BBB-" or equivalent, or higher, this Section shall be of no further force or effect with regard to such Bonds.

Section 2.09. Limited Obligations.

(a) PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THIS BOND IS A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE ISSUER PAYABLE SOLELY OUT OF THE TRUST ESTATE. The foregoing statement of limitation shall appear on the face of each Bond.

(b) THIS BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE SECURITY PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OF CALIFORNIA, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER. The foregoing statement of limitation shall appear on the face of each Bond.

(c) NO RECOURSE SHALL BE HAD FOR THE ENFORCEMENT OF ANY OBLIGATION, PROMISE OR AGREEMENT OF THE ISSUER CONTAINED HEREIN OR IN THE BONDS OR THE OTHER DOCUMENTS TO WHICH THE ISSUER IS A PARTY OR FOR ANY CLAIM BASED HEREON OR THEREON OR OTHERWISE IN RESPECT HEREOF OR THEREOF AGAINST ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE, AS SUCH, IN HIS/HER INDIVIDUAL CAPACITY, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER

DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY WHETHER BY VIRTUE OF ANY CONSTITUTIONAL PROVISION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE. NO PERSONAL LIABILITY WHATSOEVER SHALL ATTACH TO, OR BE INCURRED BY, ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE AS SUCH, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY, UNDER OR BY REASON OF ANY OF THE OBLIGATIONS, PROMISES OR AGREEMENTS ENTERED INTO IN THE BONDS OR BETWEEN THE ISSUER AND THE TRUSTEE, WHETHER HEREIN CONTAINED OR TO BE IMPLIED HEREFROM AS BEING SUPPLEMENTAL HERETO; AND ALL PERSONAL LIABILITY OF THAT CHARACTER AGAINST EVERY SUCH TRUSTEE, MEMBER, OFFICER, AGENT, ATTORNEY AND EMPLOYEE IS, BY THE EXECUTION OF THE INDENTURE AND AS A CONDITION OF, AND AS PART OF THE CONSIDERATION FOR, THE EXECUTION OF THE INDENTURE, EXPRESSLY WAIVED AND RELEASED. The foregoing statement of limitation shall appear on the face of each Bond.

(d) The Issuer shall not be liable for payment of the principal of, redemption price or interest on the Bonds 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 Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

(e) No agreements or provisions contained in this Indenture nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against the general credit of the Issuer, or shall obligate the Issuer financially in any way except as may be payable from the repayments by the Borrower under the Loan Agreement and the proceeds of the Bonds and other amounts pledged hereunder. No failure of the Issuer to comply with any term, condition, covenant or agreement herein or in any document executed by the Issuer in connection with the issuance and sale of the Bonds shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the repayments by the Borrower under the Loan Agreement or proceeds of the Bonds and other amounts pledged hereunder. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement herein, provided that no costs, expenses or other monetary relief shall be recoverable from the Issuer except as may be payable from the repayments by the Borrower or the proceeds of the Bonds and other amounts pledged hereunder.

(f) No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture contained, against, the Issuer, any past, present or future member of its governing body, its officers, attorneys, accountants, financial advisors, agents or staff or the officers, attorneys, accountants, financial advisors, agents or staff of any successor public entity, as such, either directly or through the Issuer or any successor public entity, under any rule of law

or penalty or otherwise, and all such liability of the Issuer, any member of its governing body and its officers, attorneys, accountants, financial advisors, agents and staff is hereby, and by the acceptance of the Bonds, expressly waived and released as a condition of, and in consideration for, the execution of this Indenture and the issuance of any of the Bonds.

(g) It is recognized that notwithstanding any other provision of this Indenture, neither the Borrower, the Trustee nor any Bondholder shall look to the Issuer for damages suffered by the Borrower, the Trustee or such Bondholder as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under this Indenture, the Loan Agreement, the Bonds or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Issuer in any of such documents, nor for any other reason. Although this Indenture recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in this Indenture shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its officers or employees to enforce the provisions of any of such documents which the Issuer is obligated to perform and the performance of which the Issuer has not assigned to the Trustee or any other person; provided, however, that as a condition precedent to the Issuer proceeding pursuant to this Section 2.4, the Issuer shall have received satisfactory indemnification.

(h) Anything in this Indenture to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that (i) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice, or other instrument furnished to the Issuer by the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer; (ii) the Issuer shall not be under any obligation hereunder to perform any record keeping or to provide any legal services; and (iii) none of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless it shall first have been adequately indemnified to its satisfaction against the cost, expenses, and liability which may be incurred thereby.

Section 2.10. Cancellation and Disposition of Bonds. All Bonds that have been surrendered for payment, cancellation or for registration of transfer or exchange pursuant to Section 2.08 shall be cancelled and disposed of by the Trustee in accordance with its then-customary procedures and shall not be reissued, and a counterpart of the certificate of disposition evidencing such disposition shall be furnished by the Trustee to the Issuer and, upon written request therefor, to the Borrower and the Investor Limited Partner. Any Bonds so cancelled may be retained by the Trustee for such period of time as the Trustee may determine and shall be disposed of by the Trustee in accordance with its then-customary procedures at the end of such period. Any Bonds so cancelled shall thereafter no longer be considered Outstanding for any purpose of this Indenture or the Loan Agreement.

Section 2.11. Book-Entry System.

(a) Except as provided in subparagraph (c) of this Section 2.11, the registered owner of all of the Bonds shall be, and the Bonds shall be registered in the name of, Cede

& Co. ("Cede"), as nominee of The Depository Trust Company ("DTC"). As provided in Section 2.12(a), on the Funding Date, the Bonds will be removed from the Book-Entry System and shall cease to be registered to Cede. Payment of semi-annual interest for any Bonds shall be made by transfer of same-day funds to the account of Cede on the interest payment date for the Bonds at the address indicated for Cede in the registration books of the Issuer kept by the Trustee.

(b) The Bonds shall be initially issued in the form of a separate single fully registered bond in the amount of each separately stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registry books of the Issuer kept by the Trustee in the name of Cede, as nominee of DTC. With respect to Bonds registered in the registry books kept by the Trustee in the name of Cede, as nominee of DTC, the Issuer and the Trustee shall have no responsibility or obligation to any participant of DTC (a "Participant") or to any person for whom a Participant acquires an interest in the Bonds (a "Beneficial Owner"). Without limiting the immediately preceding sentence, the Issuer and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than DTC, of any notice with respect to the Bonds, or (iii) the payment to any Participant, any Beneficial Owner or any other person, other than DTC, of any amount with respect to the principal of or interest on the Bonds. The Issuer and the Trustee may treat as and deem DTC to be the absolute owner of each Bond for the purpose of payment of the principal of and interest on such Bond, and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of and interest on the Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. Payments of principal may be made without requiring the surrender of the Bonds, and the Issuer and Trustee shall not be liable for the failure of DTC or any successor thereto to properly indicate on the Bonds the payment of such principal. No person other than DTC shall receive a Bond evidencing the obligation of the Issuer to make payments of principal of and interest on the Bonds pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions hereof, the word "Cede" in this Indenture shall refer to such new nominee of DTC.

(c) (i) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Issuer and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is not a successor securities depository), Bond certificates will be delivered as described in this Indenture.

(ii) The Issuer or the Trustee, each with the consent of the other, may terminate the services of DTC with respect to the Bonds if it is determined that: (1) DTC is unable to discharge its responsibilities with respect to the Bonds or (2) a continuation of the requirement that all of the Outstanding Bonds be

registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, is not in the best interest of the Beneficial Owners of the Bonds. In the event that no substitute securities depository is found by the Issuer, the Borrower or the Trustee, or restricted registration is no longer in effect, Bond certificates will be delivered as described in this Indenture.

(iii) Upon the termination of the services of DTC with respect to the Bonds pursuant to subparagraph (c)(i) of this Section 2.11, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subparagraph (c)(ii) of this Section 2.11 after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, the Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

In connection with any proposed transfer outside the Book-Entry System, the Borrower or DTC shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the Code. The Trustee may conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the applicable representation letter of the Issuer addressed to DTC.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by the Issuer or the Trustee with respect to any consent or other action to be taken by the Bondholders, the Issuer or the Trustee, as the case may be, shall establish a special record date for such consent or other action and give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(f) Neither the Trustee nor any agent shall have any responsibility or liability for any actions taken or not taken by DTC or any successor Securities Depository.

Section 2.12. Governmental Lender Note; Exchange for Bonds.

(a) If the Conditions to Funding have been satisfied on the Initial Mandatory Tender Date, or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds, the Funding Date shall occur and, on such Funding Date, (i) the Bonds shall be subject to mandatory tender in accordance with Section 3.01 hereof, (ii) the

purchase price of the Bonds shall be paid by the Trustee with the proceeds received from Citibank to purchase the Governmental Lender Note on deposit in the Funding Loan Fund, (iii) the Funding Loan Agreement in substantially the form attached hereto as Appendix C and the Borrower Loan Agreement in substantially the form attached hereto as Appendix D shall be delivered by the respective parties and become effective and shall supersede this Indenture and the Loan Agreement, respectively, (iv) the Bonds shall be removed from the Book-Entry System and exchanged for a physical Governmental Lender Note (in the form attached as Exhibit A to the Funding Loan Agreement) which shall be purchased by Citibank, and (v) the proceeds of the Funding Loan received by the Trustee on behalf of the Issuer from Citibank to purchase the Governmental Lender Note, which shall be in an aggregate principal amount equal to the principal amount of the then-Outstanding Bonds for which it is exchanged, shall be delivered to the Trustee for deposit in the Funding Loan Fund, and (vi) a portion of the Mortgage Loan in an amount equal to the Outstanding principal amount of the Bonds shall be repaid with amounts on deposit in the Collateral Fund.

(b) The Issuer, subject to Section 7.02(d), as governmental lender agrees to execute and deliver the Funding Loan Agreement, the Governmental Lender Note and the Borrower Loan Agreement and any other Funding Loan Documents (as defined in the Funding Loan Agreement) to be executed in connection with Citibank's purchase of the Governmental Lender Note which shall be exchanged for the Bonds in the aggregate principal amount set forth in Section 2.12(a) above on the Funding Date.

(c) The Governmental Lender Note shall mature on the Maturity Date, subject to earlier prepayment as provided in the Funding Loan Agreement. The unpaid principal balance of the Governmental Lender Note shall be paid on the dates and in the amounts set forth in the Borrower Note (as defined in the Funding Loan Agreement).

(d) The purchase of the Governmental Lender Note by Citibank shall be conditioned upon the satisfaction of the Conditions to Funding including the delivery of the items set forth in Section 6.1 of the Funding Loan Agreement.

ARTICLE III

MANDATORY TENDER AND REMARKETING OF BONDS

Section 3.01. Mandatory Tender.

(a) All Outstanding Bonds shall be subject to mandatory tender by the Holders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Bond shall be payable in lawful money of the United States of America by wire or check, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date, and shall be paid in full on the applicable Mandatory Tender Date.

(b) The Mandatory Tender Dates shall consist of (i) the Initial Mandatory Tender Date, and (ii) any subsequent dates for mandatory tender of the Bonds established

by the Borrower, with the prior written consent of the Investor Limited Partner, the Mortgage Lender and Citibank, and with the consent of the Remarketing Agent in connection with a remarketing of the Bonds pursuant to Section 3.03 hereof.

(c) While tendered Bonds are in the custody of the Trustee pending purchase pursuant hereto, the tendering Holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Bonds had not been tendered for purchase.

(d) Notwithstanding anything herein to the contrary, any Bond tendered under this Section 3.01 will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

(e) The Trustee shall utilize the following sources of payments to pay the tender price of the Bonds not later than 2:30 p.m. Local Time on the Mandatory Tender Date in the following priority: (i) if such date is also the Funding Date, amounts representing the purchase price of the Governmental Lender Note received from Citibank on deposit in the Funding Loan Fund, (ii) if such date is not also the Funding Date, amounts representing proceeds of remarketed Bonds deposited in the Remarketing Proceeds Account, to pay the principal amount, plus accrued interest, of Bonds tendered for purchase, (iii) amounts on deposit in the Collateral Fund, to pay the principal amount of Bonds tendered for purchase, (iv) amounts on deposit in the Negative Arbitrage Account of the Bond Fund to pay the accrued interest; if any, on Bonds tendered for purchase, (v) any available interest earnings on amounts on deposit in the Project Fund to pay the accrued interest, if any, on the Bonds tendered for purchase and (vi) any other Eligible Funds available or made available for such purpose at the direction of the Borrower, with the consent of the Issuer.

(f) Bonds shall be deemed to have been tendered for purposes of this Section 3.01 whether or not the Holders shall have delivered such Undelivered Bonds to the Trustee, and subject to the right of the Holders of such Undelivered Bonds to receive the purchase price of such Bonds and interest accrued thereon to the Mandatory Tender Date, such Undelivered Bonds shall be null and void. If such Undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Undelivered Bonds.

Section 3.02. Mandatory Tender, Redemption or Retirement Notice.

(a) Not less than 20 days preceding the Initial Mandatory Tender Date and 30 days preceding any other Mandatory Tender Date, the Trustee shall give written notice of mandatory tender, redemption or retirement to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Investor Limited Partner, and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (A) all Outstanding Bonds are subject to mandatory tender for purchase or redemption or retirement on the Mandatory Tender Date, (B) all Outstanding Bonds must be tendered for purchase, redemption or retirement no later than 12:00 Noon Local Time on the Mandatory Tender Date and (C) Holders will not have the right to elect to retain their Bonds;

(ii) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for purchase, redemption or retirement and the date of the required delivery;

(iii) that all Outstanding Bonds will be purchased, redeemed or retired, as applicable, on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date;

(iv) any Bonds not tendered or presented for redemption or retirement will nevertheless be deemed to have been tendered, redeemed or retired and will cease to bear interest from and after the Mandatory Tender Date; and

(v) the CUSIP numbers of the Bonds to be tendered, redeemed or retired.

(b) In the event that any Bond required to be delivered to the Trustee for payment of the purchase price, redemption price or retirement price of such Bond shall not have been delivered to the Trustee on or before the 20th day following a Mandatory Tender Date, the Trustee shall mail a second notice to the Holder of the Bond at its address as shown on the Register setting forth the requirements set forth in this Indenture for delivery of the Bond to the Trustee and stating that delivery of the Bond to the Trustee (or compliance with the provisions of this Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price, redemption price or retirement price applicable to the Bond.

(c) Neither failure to give or receive any notice described in this Section 3.02, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in this Section 3.02. Notices of tender, redemption and retirement may be conditional.

Section 3.03. Remarketing of Bonds.

(a) No later than 11:00 a.m. Local Time on the 35th day prior to each Mandatory Tender Date, the Trustee shall give notice to the Issuer, the Borrower, the Investor Limited Partner, Citibank, and the Remarketing Agent by telephone or telecopy, confirmed on the same day in writing, which states the Mandatory Tender Date and that all of the Bonds are to be tendered or deemed to be tendered or redeemed on the Mandatory Tender Date pursuant to Section 3.01 hereof.

(b) No later than 11:00 a.m. Local Time on the fifteenth day prior to the Mandatory Tender Date then in effect, the Borrower may give notice to the Remarketing Notice Parties by telephone or telecopy, confirmed on the same day in writing, that it elects to cause the Bonds to be remarketed. A remarketing of the Bonds shall be permitted only if the following conditions are satisfied no later than the time the foregoing election notice is given:

(i) Notice by the Borrower to the Issuer, the Investor Limited Partner, the Remarketing Agent and the Trustee of the Remarketing Period pursuant to and in accordance with Section 4.05 of the Loan Agreement;

(ii) Delivery to the Issuer, the Trustee and the Remarketing Agent of a preliminary Cash Flow Projection with respect to the proposed Remarketing Period; and

(iii) The Borrower shall have notified the Trustee in writing that it has approved as to form and substance any disclosure document or offering materials which, in the Opinion of Counsel to the Remarketing Agent, is necessary to be used in connection with the remarketing of the Outstanding Bonds.

(c) Not less than 10 days before each Remarketing Date, the Remarketing Agent shall offer for sale and use its best efforts to sell the Bonds Outstanding on the Remarketing Date at a price equal to 100% of the principal amount of such Bonds plus, if such Remarketing Date is a date other than an Interest Payment Date, accrued interest on such Bonds from the preceding Interest Payment Date to which interest has been paid. Not less than four Business Days before each Remarketing Date, the Remarketing Agent shall give notice, by telephone or telecopy, promptly confirmed in writing, to the Remarketing Notice Parties specifying the principal amount of Bonds, if any, it has remarketed (including Bonds to be purchased by the Remarketing Agent on the Remarketing Date for its own account), the Remarketing Rate(s) and the Remarketing Period applicable to the Bonds.

The Remarketing Agent shall remarket any Bond tendered pursuant to Section 3.01 hereof; provided, however, that no such Bond shall be remarketed at a price less than 100% of the principal amount thereof plus accrued interest (if any) without the prior written consent of the Borrower and the General Partner; and provided, further, that the purchase price of any Bond paid to the tendering Holder allocable to such discount shall be paid with Eligible Funds made available by the Borrower therefor and on deposit with the Trustee prior to the remarketing of such Bonds. The Remarketing Agent shall have the right to purchase any Bond tendered or deemed tendered pursuant to Section 3.01 hereof at 100% of the principal amount thereof, and to thereafter sell such Bond. Any such purchase shall constitute a remarketing hereunder.

The Remarketing Agent shall not remarket any Bond to the Issuer, the Borrower, any guarantor of the Bonds or any person which is an "insider" of or "related person" to the Issuer, the Borrower, or any such guarantor within the meaning of the Bankruptcy Code.

(d) If, not less than four or two Business Days, as applicable, preceding the Remarketing Date:

(i) if, not less than four Business Days preceding the Remarketing Date, the Remarketing Agent shall have notified the Trustee in writing of the remarketing of the Outstanding Bonds and that the proceeds from the remarketing (including proceeds of remarketing of Outstanding Bonds to be purchased by the Remarketing Agent on the Remarketing Date for its own account) and other Eligible Funds equal to the amount needed to purchase the remarketed Bonds on the Remarketing Date are expected to be available to the Trustee on the Remarketing Date for deposit into the Remarketing Proceeds Account;

(ii) if, not less than four Business Days preceding the Remarketing Date, the Trustee shall have received written notice from the Remarketing Agent that the Remarketing Agent has received a confirmation of the rating from the Rating Agency, together with a copy of such confirmation of the from the Rating Agency;

(iii) if, not less than two Business Days preceding the Remarketing Date, there shall be on deposit with the Trustee, from Eligible Funds provided by the Borrower an amount sufficient to pay the Extension Payment set forth in the Cash Flow Projection for deposit to the Negative Arbitrage Account of the Bond Fund with respect to the payment of interest and principal during the new Remarketing Period; or

(iv) if, not less than two Business Days preceding the Remarketing Date, there shall either (A) be on deposit with the Trustee in the Expense Fund an amount sufficient to pay the estimated Remarketing Expenses as certified in writing to the Trustee by the Borrower, or (B) the Remarketing Agent shall have certified in writing to the Trustee that provision for the payment of the estimated Remarketing Expenses shall have been made to the satisfaction of the Remarketing Agent;

then the Trustee shall promptly give notice, by telephone or telecopy, which notice shall be promptly confirmed in writing, to the Remarketing Agent, the Borrower, and the Investor Limited Partner that (a) all conditions precedent to the remarketing of the Outstanding Bonds have been satisfied and (b) the sale and settlement of the Outstanding Bonds is expected to occur on the Remarketing Date. Following the Trustee's notice, the Outstanding Bonds shall be sold to the purchasers identified by the Remarketing Agent for delivery and settlement on the Remarketing Date, and the Trustee shall apply the funds in the Remarketing Proceeds Account of the Bond Fund on the Remarketing Date to payment of the purchase price of the Outstanding Bonds.

(e) If, not less than four or two Business Days, as applicable, preceding a Remarketing Date, any condition set forth in paragraph (d) of this Section 3.03 has not been satisfied, then, unless the Outstanding Bonds are otherwise purchased on the

Remarketing Date, the Remarketing Agent shall not sell any of the Outstanding Bonds on the Remarketing Date.

(f) No later than 11:00 a.m. Local Time on each Remarketing Date, the Remarketing Agent shall pay to the Trustee, in immediately available funds, the proceeds theretofore received by the Remarketing Agent from the remarketing of Bonds tendered for purchase on such Remarketing Date; provided that the Remarketing Agent may use its best efforts to cause the purchasers of the remarketed Bonds to pay the purchase price plus accrued interest (if any) to the Trustee in immediately available funds. The proceeds from the remarketing of the Bonds shall be segregated from any funds of the Borrower and the Issuer and shall in no case be considered to be or be assets of the Borrower or the Issuer. Funds representing remarketing proceeds received by the Remarketing Agent after 11:00 a.m. Local Time on each Remarketing Date shall be paid to the Trustee as soon as practicable upon such receipt.

(g) On or before the Business Day next preceding each Remarketing Date, the Remarketing Agent, by telephonic advice, shall notify the Trustee of (i) the principal amount of Bonds to be sold by the Remarketing Agent pursuant to this Section 3.03 hereof and the purchase price, and, unless the Bonds are then in the Book-Entry System, the names, addresses and social security numbers or other tax identification numbers of the proposed purchasers thereof and (ii) the principal amount of Bonds tendered for purchase on such Remarketing Date which will not be sold by the Remarketing Agent pursuant to this Section 3.03 hereof. Such telephonic advice shall be confirmed by written notice delivered or electronically communicated at the same time as the telephonic advice.

Bonds purchased by the Trustee on a Mandatory Tender Date that have been remarketed shall be delivered to the purchasers thereof as directed by the Remarketing Agent. Bonds delivered as provided in this Section shall be registered in the manner directed by the recipient thereof.

Section 3.04. Mandatory Redemption or Retirement. The Bonds are subject to mandatory redemption or retirement, in whole, on any Mandatory Tender Date, upon the occurrence of any of the following events: (i) the Borrower has not previously elected pursuant to Section 3.03 hereof and Section 4.05 of the Loan Agreement to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in Section 3.03(b) or Section 3.03(d) have not been met by the dates and times set forth herein, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. The Bonds shall be redeemed at a redemption price equal to 100% of the principal amount of such Bonds plus accrued interest to the applicable redemption date from funds on deposit in, or transferred from, the Bond Fund, the Collateral Fund, and the Project Fund.

Section 3.05. Optional Redemption; Notice of Optional Redemption.

(a) The Bonds are subject to optional redemption prior to their maturity, at the written direction of the Borrower with the prior written consent of the Mortgage Lender,

either in whole or in part on any date on or after the later to occur of (i) the date that the Project is placed in service, as certified in writing by the Borrower to the Issuer and the Trustee, and (ii) the Optional Call Date, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the redemption date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Bond Fund, other than funds in the Negative Arbitrage Account therein, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the direction of the Borrower. In connection with any optional redemption of the Bonds prior to the applicable Mandatory Tender Date, the Trustee is permitted to sell Eligible Investments or redeem Eligible Investments prior to maturity at a price below par only if the Trustee receives, not less than two Business Days prior to the applicable redemption date, a Cash Flow Projection and any Eligible Funds required pursuant to such Cash Flow Projection.

(b) Not less than twenty (20) days preceding the redemption date, the Trustee shall give written notice of optional redemption to the Holders of the Bonds then Outstanding (with a copy to the Issuer, the Borrower, the Investor Limited Partner and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating: (i) the proposed redemption date; (ii) the redemption price; (iii) if less than all Outstanding Bonds are to be redeemed, the identification by designation, letters, numbers or other distinguishing marks (and in the case of partial redemption, the respective principal amounts of the Bonds to be redeemed); (iv) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (v) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for redemption and the date of the required delivery. Notices of redemption may state that no representation is made as to the accuracy or correctness of the CUSIP number or numbers provided thereon or on the Bonds. Notice of optional redemption may be conditional. Neither failure to give or receive any notice described in this heading, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in this section.

Section 3.06. Cancellation of Bonds. The Trustee shall promptly cancel Bonds if the tender price of the Bonds is paid from amounts other than proceeds derived from the remarketing of the Bonds; provided, however, on the Initial Mandatory Tender Date, or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds, the Bonds shall be exchanged for the Governmental Lender Note in accordance with Section 2.12 hereof.

ARTICLE IV

REVENUES AND FUNDS

Section 4.01. Creation of Funds. The following trust funds are hereby created by the Issuer and ordered established with the Trustee, to be maintained in the custody of the Trustee

each as a separate bank account, to be used for the purposes as hereinafter provided in this Indenture:

(a) Bond Fund. The Bond Fund, and within the Bond Fund, the "Negative Arbitrage Account" and the "Remarketing Proceeds Account."

(b) Project Fund. The Project Fund which fund shall be administered in accordance with the provisions of Section 4.08 and Section 5.02 of this Indenture.

(c) Rebate Fund. The Rebate Fund, which fund shall be administered in accordance with the provisions of Section 4.06 of this Indenture. Moneys held in the Rebate Fund are not held for the benefit of the Owners and are not part of the Trust Estate.

(d) Costs of Issuance Fund. Moneys held in the Costs of Issuance Fund that are not proceeds of the Bonds are not held for the benefit of the Owners and are not part of the Trust Estate. Any moneys held in the Costs of Issuance Fund that are proceeds of the Bonds are held for the benefit of the Owners and are part of the Trust Estate.

(e) Collateral Fund. The Collateral Fund, which fund shall be administered in accordance with the provisions of Section 4.08 of this Indenture. Moneys held in the Collateral Fund are held for the benefit of the Owners and are part of the Trust Estate.

(f) Funding Loan Fund. The Funding Loan Fund shall be administered in accordance with the provisions of Section 4.09 of this Indenture. Moneys held in the Funding Loan Fund shall be used to purchase the Bonds upon the Funding Date when the Bonds will be exchanged for the Governmental Lender Note.

(g) Expense Fund. The Expense Fund, which fund shall be administered in accordance with the provisions of Section 4.10 of this Indenture. Moneys held in the Expense Fund are not held for the benefit of the Owners and are not part of the Trust Estate.

The Trustee may create one or more accounts or subaccounts within any fund authorized by this Indenture for the purpose of accounting for funds deposited into or held in each fund or for carrying out any of the requirements of this Indenture. The Trustee may transfer funds between accounts and subaccounts within any fund.

In the event certain moneys are deposited with the Trustee prior to the Closing Date, whether or not pursuant to one or more letters of instruction from the provider or providers of such moneys, such moneys shall be held by the Trustee subject to the terms and conditions of this Indenture, in addition to the terms of any such letter(s) of instruction. For such purpose, the standards of care, any provisions governing the responsibilities, protections and indemnification and other provisions relating to the Trustee contained in this Indenture and in the Loan Agreement (the "Effective Provisions") shall be effective as of the first date of receipt by the Trustee of such moneys. The Effective Provisions shall be deemed incorporated into any such letter(s) of instructions.

Section 4.02. Deposits into and Use of Moneys in the Bond Fund. On the Closing Date, the Trustee shall deposit the Initial Deposit, if any, into the Negative Arbitrage Account of the Bond Fund; the Bond Fund and amounts on deposit in the Bond Fund are to be invested pursuant to Section 6.01 hereof. Any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to Section 3.03 hereof shall also be deposited into the Negative Arbitrage Account. The Trustee is authorized to release funds in the Negative Arbitrage Account to the Borrower upon receipt of a written instruction from the Borrower and an updated Cash Flow Projection.

Bond Service Charges shall be payable as they become due, (i) in the first instance from money on deposit in the Bond Fund (excluding the Negative Arbitrage Account therein), (ii) next from money on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) next from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (iv) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Except as provided in Section 4.05 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds when due.

Section 4.03. Custody of the Bond Fund. The Bond Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Trustee (a) to withdraw sufficient funds from the Bond Fund to pay the principal of and interest on the Bonds as the same become due and payable, and (b) to make such funds so withdrawn available to the Trustee, as paying agent, for the purpose of paying such principal and interest, which authorization and direction the Trustee accepts.

Section 4.04. Non-Presentment of Bonds. Subject to the provisions of Section 10.21 hereof, in the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, if funds sufficient to pay such Bonds shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on its part under this Indenture or on, or with respect to, such Bond. Any such Bonds shall cease to bear interest on the specified maturity and such Bonds or portions thereof shall no longer be protected by or subject to the benefit or security of this Indenture and shall not be deemed to be outstanding under the provisions of this Indenture.

Section 4.05. Payment to Borrower of Excess Moneys in Bond Fund. Any amounts remaining in the Bond Fund (except for amounts then held by the Trustee for payment of principal of, or interest on any of the Bonds) after payment in full of the purchase price of the Bonds on the Initial Mandatory Tender Date, or any subsequent Mandatory Tender Date established upon a remarketing of the Bonds, and other costs associated with the conversion of the Bonds, the payment of any Rebate Amount, and payment in full of any outstanding fees and expenses of the Paying Agent, the Issuer (including, without limitation, all Issuer Fees and Expenses and any indemnification payments owed pursuant to the Loan Agreement) and the

Trustee and its counsel and any other fees, costs and expenses due under the Documents, shall, upon written instruction to the Trustee from the Borrower, be deposited into a loan payment fund, if any, established under the Funding Loan Agreement or for any other purpose; *provided*, that, the Trustee is furnished with an opinion of Bond Counsel substantially to the effect that such deposit will not, in and of itself adversely affect any exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 4.06. Rebate Fund; Rebate Amount; Tax Certificate Controlling. The Trustee shall deposit into the Rebate Fund amounts paid by the Borrower pursuant to the Tax Certificate and written direction from the Borrower.

(a) The determination of the Rebate Amount shall be made in accordance with the Tax Certificate and the Rebate Amount shall be paid at such times and in such installments as provided therein. As further provided in the Tax Certificate, the Borrower shall be responsible for calculating or causing to be calculated and paying the Rebate Amount. If at any time when the Trustee is required to withdraw money from the Rebate Fund and to pay to the United States of America the amount so withdrawn as the Rebate Amount, the amount held by the Trustee to the credit of the Rebate Fund is insufficient to permit such withdrawal and payment, the Trustee, after delivering a demand for such deficiency to the Borrower, shall withdraw, *first,* from the Project Fund, and, *second,* from any other funds established hereunder, such amounts as may be needed to make the amount held for the credit of the Rebate Fund, after such transfers, equal to the amount required to be withdrawn and paid to the United States of America and transfer the amounts so withdrawn in each case to the Rebate Fund. This Section 4.06(a) shall supersede all other sections of this Indenture, to the end that the exclusion from gross income for the purposes of federal income taxation of interest on the Bonds shall not be adversely affected as a result of the inadequacy at any time of the Rebate Fund, unless the total amount held by the Trustee under all funds established hereunder is insufficient, and no money for such purpose is provided by the Borrower.

(b) Neither the Issuer nor the Trustee shall be obligated to pay any portion of the Rebate Amount (except from funds on deposit in the Rebate Fund). In addition, neither the Issuer nor the Trustee shall have any responsibility with respect to the calculation of the Rebate Amount. The Trustee shall not be responsible for the adequacy or correctness of any rebate report. The Trustee shall be deemed conclusively to have complied with the provisions of this Indenture and any other agreement relating to the Bonds regarding calculation and payment of rebate if it follows the directions of the Borrower or the Rebate Analyst and it shall have no independent duty to review or enforce the Issuer's, the Borrower's or the Rebate Analyst's compliance with such rebate requirements. The Trustee may rely conclusively upon and shall be fully protected from all liability in relying upon the Borrower's or the Rebate Analyst's opinions, calculations, determinations, directions, and certifications required by this Section. Except to the extent expressly herein provided, the Trustee shall in no instance be responsible or liable for the tax treatment of the Bonds, the Issuer's, the Borrower's or the Rebate Analyst's compliance with the Code, or any other tax consequences in connection with the Bonds.

(c) Any moneys held as part of the Rebate Fund and not immediately required to be paid to the United States pursuant to the Tax Certificate shall be invested or reinvested by the Trustee, at the written direction of the Borrower Representative (such direction to specify the particular investment to be made), in Governmental Obligations or in any money market or short term investment fund investing in or consisting solely of and secured by Governmental Obligations, including any such fund maintained by the Trustee or an affiliate thereof, having maturities consonant with the need for moneys as reasonably estimated by the Borrower. In connection with the investment of moneys held as part of the Rebate Fund (as provided in Section 6.02 hereof), interest and other income received on the investment of moneys held as part of the Rebate Fund shall be credited to the Rebate Fund. Except for the performance of its duties expressly set forth herein or in the other Documents, the Trustee shall not be responsible or liable for the tax treatment of the Bonds, the Issuer's, the Borrower's or the Rebate Analyst's compliance with the Code, or any other tax consequences in connection with the Bonds. The Trustee shall be deemed conclusively to have complied with the provisions of this Indenture and any other agreement relating to the Bonds regarding calculation and payment of rebate if it follows the directions provided by the Borrower or the Rebate Analyst, and it shall have no independent duty to review or enforce the Issuer's, the Borrower's or the Rebate Analyst's compliance with such rebate requirements.

(d) As provided in the Tax Certificate, the Borrower is required to (i) obtain a rebate calculation with respect to the Rebate Amount upon the redemption or final maturity of the Bonds and either (ii) (a) pay to the Trustee for deposit into the Rebate Fund an amount of money as determined by such calculation within 30 days of such calculation or (b) provide the Trustee with written notice (signed by the Borrower Representative and the Rebate Analyst) that (1) no deposit is required or (2) the amount in the Rebate Fund is in excess of the amount required to be on deposit as determined by the most recent rebate calculation, in which case the Trustee shall, with the prior written consent of the Issuer, pay such excess over to the Borrower. If the Trustee does not receive either of the items required in subsection (d)(ii)(a) or (d)(ii)(b) above within 30 days after the completion of construction of the Project, the Trustee shall notify the Issuer; provided, however, that the Trustee shall not incur any liability if it should fail to provide such notice.

(e) Notwithstanding anything to the contrary in this Indenture, the Loan Agreement, the Funding Loan Agreement or the Borrower Loan Agreement, to the extent of any conflict or ambiguity as between the provisions of the foregoing documents and the Tax Certificate, the requirements of the Tax Certificate shall control.

Section 4.07. Costs of Issuance Fund. On the Closing Date, the Trustee shall deposit the Costs of Issuance Deposit, if any, into the Costs of Issuance Fund to pay the Costs of Issuance from amounts available therein. The Trustee shall disburse any funds on deposit in the Costs of Issuance Fund upon receipt by the Trustee of a Requisition or a Closing Memorandum. Any funds remaining in the Costs of Issuance Fund more than 180 days after the Closing Date, and not specifically committed to the payment of Costs of Issuance shall be returned to the Borrower upon Borrower's written request, to the extent such funds are not Bond proceeds or otherwise restricted funds, and the Costs of Issuance Fund shall be closed. If such remaining

funds are Bond proceeds or otherwise restricted, such funds shall be deposited by the Trustee into the Bond Fund in accordance with a written direction to Trustee from Borrower.

On the Closing Date, the Borrower shall pay or cause to be paid to the Title Company an amount sufficient to pay the Costs of Issuance incurred in connection with the issuance of the Bonds, and the Title Company shall disburse such funds to pay the Costs of Issuance pursuant to the written direction of the Borrower as set forth in the Closing Memorandum.

Section 4.08. Collateral Fund; Project Fund.

(a) Upon receipt, the Trustee shall deposit into the Collateral Fund all Eligible Funds received pursuant to Section 4.06 of the Loan Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. Section 4.06 of the Loan Agreement requires the Borrower to cause Eligible Funds to be delivered to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee to pay Project Costs.

(b) Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions hereof.

(c) The Trustee shall transfer money in the Collateral Fund as follows: (i) if such date is also the Funding Date, a portion of the Mortgage Loan in an amount equal to the Outstanding principal amount of the Bonds shall be repaid with amounts on deposit in the Collateral Fund, (ii) if such date is not the Funding Date, on a Mandatory Tender Date, to the Bond Fund, the amount necessary to pay the purchase price of the Bonds, to the extent amounts on deposit in the Remarketing Proceeds Account and the Negative Arbitrage Account of the Bond Fund are insufficient therefor; and (iii) on any redemption date of the Bonds, to the Bond Fund the amount, together with amounts on deposit in the Bond Fund, necessary to pay the principal and interest due on the Bonds on such date.

(d) The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Bond Fund and applied to the payment of the principal of any of the Bonds or the principal component of the redemption price of any of the Bonds, all as provided in this Indenture.

(e) To the extent moneys are not otherwise provided to the Trustee to make the necessary interest and principal payments on each Interest Payment Date, including moneys deposited into the Bond Fund or the Collateral Fund, the Trustee shall, without further written direction, transfer from the Project Fund to the Bond Fund sufficient Eligible Funds to make such necessary interest and principal payments on each Interest Payment Date.

(f) Upon receipt, the Trustee shall deposit the proceeds of the Bonds (including the principal of, and premium on, the Bonds) into the Project Fund. The Trustee shall cause to be kept and maintained adequate records pertaining to the Project Fund and all disbursements therefrom. If requested by the Issuer or the Borrower, after

the Project has been completed and a Completion Certificate is filed by the Borrower as provided herein, the Trustee shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Issuer and the Borrower.

(g) The Borrower expects that the Project will proceed substantially in accordance with the Construction Draw Schedule, except as otherwise approved by the Mortgage Lender. Each Requisition submitted to the Trustee shall evidence and request disbursements from the Project Fund and/or the Costs of Issuance Fund.

(h) Notwithstanding any other provision of this Indenture to the contrary, after the Closing Date the Trustee shall not disburse moneys from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until the Trustee receives satisfactory evidence that Eligible Funds in an amount equal to or greater than the requested disbursement amount (the "Collateral Deposit") has been deposited in the Collateral Fund. Prior to making any disbursement, the Trustee shall verify that upon making the disbursement, the aggregate amount to be held in (i) the Bond Fund, (ii) the Collateral Fund and (iii) the Project Fund, together with projected investment earnings thereon, will be sufficient to pay Bond Service Charges on the outstanding Bonds as and when they become due. In the event that, following receipt of the Collateral Deposit and Requisition, the Trustee determines that it cannot correspondingly disburse Bond proceeds from the Project Fund to or at the direction of the Borrower or the Mortgage Lender, the Trustee shall promptly notify the Borrower and the Mortgage Lender, as applicable, of the reason for such determination and shall, promptly upon the request of the Borrower or the Mortgage Lender, return the subject Collateral Deposit to the party that deposited such Collateral Deposit with the Trustee.

(i) On the Closing Date, the Trustee shall transfer Bond proceeds in the amount described in the Closing Memorandum to the Trust Estate securing the Taxable Bonds, and no additional amounts shall be disbursed from the Project Fund except in accordance with this section.

(j) The proceeds of the Bonds shall be allocated exclusively to pay costs that (i) are (A) capital expenditures (as defined in Section 1.150-1(a) of the Code's regulations) and (B) not made for the acquisition of existing property, to the extent prohibited in Section 142(d) of the Code; and (ii) shall be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located, so that each building and the land on which it is located will have been financed 25% or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Trustee nor the Issuer shall have any obligation to enforce this covenant nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided, further, failure to comply with this representation, covenant and warranty shall not constitute a default or Event of Default under this Indenture.

(k) Upon the occurrence and continuance of an Event of Default hereunder because of which the principal amount for the Bonds has been declared to be due and immediately payable under this Indenture, any moneys remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund for payment of Bond Service Charges.

Section 4.09. Funding Loan Fund. On the Funding Date, the Trustee shall deposit into the Funding Loan Fund the proceeds of the Funding Loan received from Citibank to purchase the Governmental Lender Note on the Funding Date, which amount shall be used on the Funding Date to purchase the Bonds which shall be exchanged for the Governmental Lender Note.

Section 4.10. Expense Fund. The Trustee shall deposit into the Expense Fund amounts received from the Borrower for the purpose of paying the Trustee's Fee and Expenses, the Issuer Fees and Expenses, the Remarketing Agent's Fee, fees of the Rebate Analyst and any other fees and expenses required to be paid by or on behalf of the Borrower under the Loan Agreement. The Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Expense Fund to pay (a) on each [January 1] in each year, commencing [January 1, 2027], and continuing until no Bonds remain Outstanding, to the Issuer, the Issuer Fees and Expenses, if any, payable in connection with the Reserved Rights and (b) such amounts to the proper persons on the dates and in the amounts due when evidenced by a written invoice and written instruction of the Borrower to pay such amount. Amounts on deposit in the Expense Fund shall be withdrawn or maintained, as appropriate, by the Trustee to pay (i) to the Trustee, the Trustee's Fee and Expenses, (ii) to the Issuer, the Issuer Fees and Expenses, (iii) upon receipt, to the Trustee, any amounts due to the Trustee which have not been paid, other than amounts paid in accordance with clause (i) hereof, (iv) upon receipt, to, or at the written direction of, the Issuer, any unpaid amounts owed to the Issuer in connection with the Reserved Rights, other than amounts paid in accordance with clause (ii) above, and (v) pay any fees of the Rebate Analyst when due.

In addition, any additional fees and expenses of Bond Counsel shall be timely funded by payments made directly by the Borrower to Bond Counsel or, if preferred by Bond Counsel, additional deposits by the Borrower into the Expense Fund of moneys not derived from the proceeds of the Bonds, and the Trustee shall use such amounts to pay such additional fees and expenses of Bond Counsel, as directed by the Borrower in writing.

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

Written notice of any insufficiency, which results in the Issuer not receiving the Issuer Fees and Expenses on the applicable due date, shall be provided by the Trustee to the Issuer (with a copy to the Borrower) not later than 10 days after the respective due date.

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

ARTICLE V

CUSTODY AND APPLICATION OF BOND PROCEEDS

Section 5.01. Custody and Application of Project Fund and Bond Fund. On the Closing Date, the proceeds received upon the issuance and sale of the Bonds which remain after the deposit of the Initial Deposit into the Negative Arbitrage Account of the Bond Fund pursuant to Section 4.02 hereof shall be deposited into the Project Fund and Bond Fund (if accrued interest) and invested by the Trustee as set forth in Section 6.01 hereof.

Section 5.02. Procedure for Making Disbursements from Project Fund. Upon the deposit of Eligible Funds into the Collateral Fund, as provided in Section 4.08 hereof, the Trustee shall disburse the proceeds of the Bonds on deposit in the Project Fund on such date solely to pay the Costs of the Project and only upon receipt by the Trustee of (i) a signed Requisition in substantially the form attached as Appendix B hereto approved by the Mortgage Lender and (ii) certification by a Borrower Representative that at least 95% of the total Costs of the Project intended to be paid with such Bond proceeds are qualified costs pursuant to Section 142 of the Code, the Trustee shall disburse from the Project Fund Bond proceeds, in the amount set forth in the applicable Requisition, solely to pay Costs of the Project. To the extent money on deposit in the Project Fund is invested in Eligible Investments, the Trustee shall not sell or otherwise terminate such Eligible Investments prior to their stated maturity date and instead the Trustee is hereby instructed to make the following allocations and exchanges, which allocations and exchanges shall occur prior to the disbursement of amounts on deposit in the Project Fund to pay Costs of the Project: (a) allocate all or a portion of the Eligible Investments in the Project Fund, in the amount specified in the request for disbursement, to the Collateral Fund, and (b) transfer to the Project Fund a like amount of Eligible Funds on deposit in the Collateral Fund to be disbursed in accordance with this Section. The Issuer shall have no involvement and/or discretion with respect to the review and approval of Requisitions or the disbursement of funds from the Project Fund.

The Trustee shall not disburse money from the Project Fund, other than to pay interest and principal on the Bonds as otherwise permitted hereunder, unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited into the Collateral Fund in accordance with Section 4.08 hereof. In accordance with Section 3.03 of the Loan Agreement, and prior to making any disbursement from the Project Fund (except to make necessary interest and principal payments on the Bonds as otherwise permitted hereunder), the Trustee shall determine that the aggregate account balance in (a) the Collateral Fund and (b) the Project Fund (less the requested disbursement amount) is at least equal to the then-Outstanding principal amount of the Bonds.

Money in the Project Fund shall be disbursed in accordance with the provisions of Section 3.03 of the Loan Agreement and this Section 5.02. To the extent moneys are not otherwise provided to the Trustee to make the necessary interest and principal payments on each Interest Payment Date, including moneys deposited into the Bond Fund or the Collateral Fund, the Trustee shall, without further written direction, transfer from the Project Fund to the Bond Fund sufficient Eligible Funds to make such necessary interest and principal payments on each Interest Payment Date.

Notwithstanding anything contained in this Indenture or any of the Borrower Documents to the contrary, with respect to Eligible Funds funded by the Mortgage Lender for deposit into the Collateral Fund, the Trustee shall be irrevocably and unconditionally obligated to disburse an equal amount of funds from the Project Fund to either the Mortgage Lender, the Borrower or the Title Company pursuant to a Requisition as directed by the Mortgage Lender. Such disbursements shall be made pursuant to a Requisition and shall not be made more frequently than once per month.

Subject to the Trustee's obligation to return the Eligible Funds to the Mortgage Lender as set forth in this Section 5.02, the Trustee and the Issuer shall not, in any event, be responsible or liable to any person for the disbursement of, or failure to disburse, moneys from the Project Fund or any part thereof, and no contractor, subcontractor or material or equipment supplier or their respective successors and assigns shall have any right or claim against the Trustee or the Issuer under this Indenture.

Notwithstanding anything contained in this Indenture or any of the Borrower Documents to the contrary, if for any reason the Trustee is not able to disburse a corresponding amount of Bond proceeds from the Project Fund to or at the direction of the Mortgage Lender, immediately following receipt of Eligible Funds from the Mortgage Lender, for deposit into the Collateral Fund, the Trustee shall promptly wire transfer such funds back to the Mortgage Lender, and not deposit the same into the Collateral Fund.

For purposes of complying with the requirements of this Section, the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon the Requisition signed by the authorized officer of the Borrower. The Trustee shall not be bound to make an investigation into the facts or matters stated in any Requisition of the Borrower. The Trustee shall not be responsible for determining whether the funds on hand in the Project Fund are sufficient to complete the Project. The Trustee shall not be responsible to collect lien waivers.

Notwithstanding anything to the contrary in this Indenture or the Loan Agreement, no portion of the Bonds, the Governmental Lender Note, the Funding Loan, or the Loan shall be used to finance any "qualified facility" (as such term is defined in Section 48E(b)(3) of the Code) or any "energy storage technology" (as such term is defined in Section 48E(c)(2) of the Code) with respect to the Project.

Section 5.03. Trustee May Conclusively Rely on Requisitions and Certifications. In making any disbursement from the Project Fund, the Trustee may conclusively rely on any requests and confirmations and the Requisition delivered to it pursuant to Section 5.02 hereof, and the Trustee shall be relieved of all liability with respect to making such disbursements in accordance with such requests and confirmations. In making any disbursements from the Costs of Issuance Fund, the Trustee may conclusively rely on any requests and confirmations and the Requisition or Closing Memorandum delivered to it pursuant to Section 4.07 hereof, and the Trustee shall be relieved of all liability with respect to making such disbursements in accordance with such requests and confirmations.

Section 5.04. Completion of Project. The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced for the Project by the filing with the

Trustee of (a) the Completion Certificate required by the provisions of Section 3.05 of the Loan Agreement and (b) a certificate signed by the Borrower Representative stating that all obligations and costs in connection with the Project and payable out of the Project Fund have been paid and discharged except for amounts retained by the Trustee for the payment of Costs of the Project not then due and payable or then in dispute as provided in the Loan Agreement; provided, however, that no amounts necessary to pay principal and interest on the Bonds at maturity shall be held by the Trustee in the Project Fund beyond the Maturity Date, and the Project Fund shall be closed. Additionally, the Borrower has agreed pursuant to Section 3.06 of the Loan Agreement that in the event that there are insufficient moneys available in the Project Fund to pay the Costs of the Project, the Borrower will complete the Project and pay the portion of the Costs of the Project in excess of the moneys available therefor in the Project Fund.

Section 5.05. Disposition of Moneys in Project Fund After Completion of Project. Subject to the proviso in Section 5.04 hereof, as soon as practicable after the date of the certificate referred to in clause (b) of Section 5.04 hereof, any balance remaining in the Project Fund (other than the amounts retained by the Trustee referred to in Section 5.04 hereof) shall be deposited into the Bond Fund and used to pay principal of the Bonds when due. To the extent any moneys from any payments made by the Borrower pursuant to the Loan Agreement remain in the Project Fund or Bond Fund after there are no Bonds Outstanding and payment in full, or provision for payment, of the final Rebate Amount, any remaining Trustee's Fees or any other Trustee fees or expenses, and any remaining Issuer Fees and Expenses or other amounts due to the Issuer in connection with the Reserved Rights, such moneys may be paid directly to the Borrower to the extent such funds are not proceeds of the Bonds or otherwise restricted funds. If such remaining funds are proceeds of the Bonds or otherwise restricted, such funds shall be deposited by the Trustee into the Bond Fund.

Notwithstanding the provisions of this Section or any other provision herein set forth, none of the moneys in the Project Fund will be disbursed for or be used to pay any cost, or to reimburse the Issuer or the Borrower for any cost, which is not permitted by the Act, the Code, the Loan Agreement or this Indenture.

ARTICLE VI

INVESTMENT OF FUNDS AND ACCOUNTS

Section 6.01. Investment of Bond Fund, Project Fund, and Collateral Fund. Money in all funds or accounts including the Bond Fund, Project Fund, and Collateral Fund shall be invested and reinvested by the Trustee, and at all times held in Eligible Investments at the written direction (including facsimile transmission) of the Borrower (such written direction to specify the particular investment in Eligible Investments to be made), which must be in accordance with the investment provisions herein and in the Tax Certificate. In the absence of written direction of the Borrower, any moneys held under this Indenture shall be invested in (i) the [Investment Fund], or if such fund is unavailable, (ii) investments described in paragraph (b) of the definition of Eligible Investments. The Borrower acknowledges receipt of a prospectus for the fund which, among other things, describes the fees and expenses paid by the fund, including fees paid to the Trustee for servicing the fund (which affect the return on investment). The Borrower acknowledges that the fund is not an FDIC-insured bank deposit, is not an obligation of or

guaranteed by the Trustee or its affiliates, and may involve investment risk, including loss of principal.

At no time shall the Borrower direct that (a) any funds constituting gross proceeds of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code or (b) any funds be held other than in Eligible Investments. The Issuer covenants and agrees not to take, or cause to be taken, any action or fail to take any action reasonably within its control with respect to the investment of monies under this Indenture that is inconsistent with the provisions of this Indenture and which would result in the Bonds becoming arbitrage bonds within the meaning of Code Section 148(a). The Issuer further covenants and agrees to comply with and take all actions required of it by the Tax Certificate and to continue to do so as specified in the Tax Certificate notwithstanding any satisfaction or discharge of this Indenture.

It is hereby acknowledged and agreed that the Issuer shall have no discretion regarding the investment or reinvestment of funds pursuant to this Section 6.01 or Section 4.06 above.

Investments of money in the Bond Fund, the Project Fund, and the Collateral Fund shall mature or be redeemable at the option of the Trustee at the times and in the amounts necessary to provide money to pay any amounts due on the Bonds as they become due on each Interest Payment Date or at stated maturity or on a Mandatory Tender Date. In addition, investment of money in the Project Fund shall mature or be redeemable at the option of the Trustee at the times and in the amounts as may be necessary to make anticipated payments from the Project Fund. Any investment in the Bond Fund, the Project Fund or the Collateral Fund that are not classified as Eligible Investments shall be invested in Governmental Obligations.

The Trustee shall sell or redeem investments credited to the Bond Fund to produce sufficient money applicable hereunder to and at times required for the purposes of paying any amounts due on the Bonds, and shall do so without necessity for any order on behalf of the Issuer or the Borrower and without restriction by reason of any order. An investment made from money credited to an applicable fund or account shall constitute part of that respective fund or account. All investment earnings from amounts on deposit in the Project Fund and the Collateral Fund shall be credited to and become part of the Bond Fund. All gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Project Fund and the Collateral Fund shall be credited to and become part of the Bond Fund. Following the Closing Date, at the direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Eligible Investments upon receipt of a Cash Flow Projection.

Notwithstanding anything herein to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for the purpose of paying Bond Service Charges shall be held uninvested as cash and (ii) Bond proceeds and the Initial Deposit to the Negative Arbitrage Account, if any, shall be held uninvested as cash until the Trustee has purchased, sold or exchanged Eligible Investments.

Any investments may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association which is an affiliate or subsidiary of the Trustee; provided that all such investments must be Eligible Investments.

The Trustee shall not be liable for losses, fees, taxes, or other charges in connection with any investments, reinvestments or liquidations made in compliance with the provisions of this Indenture.

If the Trustee is required to sell or otherwise dispose of any Eligible Investments prior to maturity at a price below par prior to the Initial Mandatory Tender Date, the Borrower shall, at the Borrower's expense, deliver to the Trustee (i) a Cash Flow Projection and (ii) Eligible Funds in the amount set forth in such Cash Flow Projection, if any.

Although each of the Issuer and the Borrower recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, each of the Issuer and the Borrower hereby agrees that confirmations of Eligible Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. The Trustee may conclusively rely upon the Borrower's written instructions as to both the suitability and legality of the directed investments.

Section 6.02. Investment of Rebate Fund. Any moneys held as part of the Rebate Fund, and not immediately required for the purposes of the Rebate Fund, shall be invested or reinvested by the Trustee, at the written direction (including facsimile transmission) of the Borrower Representative, in Governmental Obligations or in any money market or short term investment fund investing in or consisting solely of and secured by Governmental Obligations, including any such fund maintained by the Trustee or an affiliate thereof having maturities consonant with the need for funds as estimated by the Borrower, such written direction shall specify the particular investment in Governmental Obligations, money market or short term investments in or consisting solely of and secured by Governmental Obligations to be made. All investment earnings, gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Rebate Fund shall be retained therein.

Section 6.03. Accounting for Termination of Investments; No Arbitrage. In the event the moneys in the Project Fund or the Bond Fund are invested in any investment which fails to satisfy the requirements of Section 6.01, the Trustee shall, at the written direction of the Borrower, terminate any such investment, and the proceeds of such termination, shall be credited to the Project Fund or the Bond Fund, respectively.

If the Issuer is of the opinion, based solely upon receipt of advice of Bond Counsel, that it is necessary to restrict or limit the yield on the investment of any moneys, securities or other obligations paid to or held by the Trustee hereunder in order to comply with the provisions of the Documents intended to prevent any Bonds from being considered "arbitrage bonds" within the meaning of Section 148 of the Code, an Authorized Issuer Representative may give written notice to the Trustee to such effect (together with appropriate written instructions as provided by Bond Counsel) who shall provide such notice to the Borrower to such effect, in which event the Trustee will take such action as is set forth in such written instructions to restrict or limit the yield on such investment so as to comply with Section 148 of the Code; provided, however, that the Issuer shall have no obligation to monitor, provide notice, exercise discretion or otherwise in connection with investments made pursuant hereto. The Trustee may conclusively rely on the direction of the Issuer in taking such action.

Section 6.04. Trustee's Own Bond or Investment Department. The Trustee may make any and all investments permitted under Section 6.01 and Section 6.02 through its own bond or investment department or that of any affiliate, notwithstanding that (a) the Trustee charges and collects fees and expenses from such funds for services rendered, (b) the Trustee charges and collects fees and expenses for services rendered pursuant to this Indenture and (c) services performed for such funds pursuant to this Indenture may converge at any time.

Section 6.05. Moneys To Be Held in Trust. All moneys required or permitted to be deposited with or paid to the Trustee for account of the Bond Fund, the Collateral Fund, or the Project Fund under any provision of this Indenture shall be held by the Trustee in trust, and shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien and claim created by this Indenture.

The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Issuer.

The Trustee, acting in its capacity as Trustee and not as sponsor, advisor or manager in connection with any investments, reinvestments or liquidations hereunder, shall not be liable for any loss, fee, tax or other charge arising from investments made in accordance with this Indenture, or for any loss resulting from the redemption or sale of any such investments as authorized by this Section. In the event of a loss on the sale of such investments (after giving effect to any interest or other income thereon except to the extent theretofore paid to the Issuer) incurred despite the Trustee's faithful adherence to the provisions of this Indenture, the Trustee shall have no responsibility in respect of such loss except to the extent arising out of the gross negligence or willful misconduct of the Trustee and provided that the Trustee shall provide the Issuer and the Borrower with written notification of the amount of such loss and the Borrower shall promptly pay such amount to the Trustee to be credited as part of the moneys originally invested.

ARTICLE VII

GENERAL COVENANTS

Section 7.01. Payment of Bonds. Each and every covenant made in this Indenture, including all covenants made in the several sections of this Article, is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall be payable solely from the Trust Estate. Nothing in the Bonds or in this Indenture shall be construed as pledging any other funds or assets of the Issuer.

The Trustee covenants to promptly pay, as provided herein, the principal of and interest on the Bonds when due solely from the Trust Estate at the place, on the date and in the manner provided herein and in the Bonds.

The Revenues are to be remitted by the Borrower directly to the Trustee for the account of the Issuer and constitute a part of the Trust Estate and are subject to the lien and claim created by this Indenture. Such amounts, in addition to the amounts held in the Project Fund, are to be sufficient in amount at all times to pay the principal of and interest on the Bonds. The entire

amount of Revenues (exclusive of the Reserved Rights) is assigned to secure the payment of the principal of and interest on the Bonds.

Section 7.02. Performance of Covenants.

(a) The Issuer covenants that it is duly authorized under the laws of the State to issue the Bonds, to enter into this Indenture and the Loan Agreement and to assign the Revenues, and that, upon issuance, authentication, and delivery, the Bonds are and will be valid and enforceable special limited obligations of the Issuer according to the import thereof.

(b) Subject to Section 7.01 above, the Issuer shall have no liability or obligation with respect to the payment of the purchase price of the Bonds. None of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the Trust Estate pledged hereunder, or the Issuer shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Issuer shall not be under any obligation hereunder to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or provided by the Trustee or the Borrower. The Issuer covenants that it will faithfully perform (to the extent within its reasonable control) at all times any and all covenants, undertakings, stipulations, and provisions expressly contained in this Indenture, in every Bond executed, authenticated, and delivered hereunder, in the Loan Agreement and in all of its proceedings pertaining thereto; provided, however, that (a) the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Guarantor, the Borrower or the Trustee, and (b) the Issuer shall have received the instrument to be executed, and, at the Issuer's option, shall have received from the Borrower assurance satisfactory to the Issuer that the Issuer shall be reimbursed for its expenses incurred or to be incurred in connection with taking such action or executing such instrument.

(c) The Loan Agreement sets forth covenants and obligations of the Issuer and the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate in the enforcement of all covenants and obligations of the Borrower under the Loan Agreement and agrees that the Trustee, in its name, may enforce all rights of the Issuer (other than the Reserved Rights) and all obligations of the Borrower under and pursuant to the Loan Agreement and on behalf of the Bondholders, whether or not the Issuer has undertaken to enforce such rights and obligations.

(d) The Issuer shall, within the parameters established in the Resolution and subject to the terms and conditions of this Indenture and the Loan Agreement, perform such actions as are deemed necessary or desirable by it (after consultation with its special counsel and Bond Counsel) in connection with the exchange of the Bonds for the Governmental Lender Note, including but not limited to the execution and delivery of the Funding Loan Agreement and the delivery of the Governmental Lender Note to be

outstanding from and after the Funding Date which is to be exchanged for the Bonds issued pursuant to this Indenture on the Funding Date; provided that, all of the foregoing shall be done at the sole cost and expense of the Borrower and the payment of such costs and expenses (which may be through an escrow in form and substance satisfactory to the Issuer) shall be a condition precedent to such performance by the Issuer.

Section 7.03. Undertaking to Provide Ongoing Disclosure. Pursuant to Section 5.11 of the Loan Agreement, the Borrower has undertaken all responsibility for compliance with continuing disclosure requirements, and the Issuer and the Trustee, except with respect to the Trustee's duties under the Continuing Disclosure Agreement (if any), shall have no liability to the Owners of the Bonds or any other person with respect to Securities Exchange Commission Rule 15c2-12, as amended. Notwithstanding any other provision of this Indenture, failure of the Borrower to comply with the Continuing Disclosure Agreement shall not be considered a Default or an Event of Default hereunder or under the Loan Agreement; however, a Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the noncompliant Borrower to comply with its obligations under Section 5.11 of the Loan Agreement.

Section 7.04. Enforcement of Borrower's Obligations. So long as any of the Bonds are Outstanding, the Issuer (subject to Section 7.02(b)) will cooperate with the Trustee in enforcing the obligations of the Borrower to pay, or cause to be paid, all the payments and other costs and charges payable pursuant to the Loan Agreement. Nothing contained in this Section or in any other section of this Indenture shall be deemed to modify the provisions of the Act and Section 2.09 hereof or require that the Issuer expend any of its own funds or assets to enforce the obligations of the Borrower under the Documents.

Section 7.05. Further Assurances, Instruments and Actions. Subject to Section 7.02(b), the Issuer will (at the sole cost and expense of the Borrower) from time to time, execute and deliver such further instruments, conveyances, assignments and transfers and take such further actions as may be reasonable and as may be required to better assure, convey, grant, assign or confirm the Trust Estate and all other rights, revenues or funds pledged, assigned or intended to be so pledged or assigned hereunder for the benefit of the owners of the Bonds; provided, however, that no such instruments or actions shall pledge the credit or taxing power of the State, the Issuer or any other political subdivision of the State, or create or give rise to any monetary obligation or liability of the Issuer. The Issuer shall be under no obligation to prepare, record, or file any such instruments referred to in this Section 7.05.

Section 7.06. Priority of Pledge. The Issuer covenants and agrees that it will not create any lien or claim upon the Revenues other than the liens and claims hereby created. Except for the assignment to the Trustee, the Issuer will not sell, lease or otherwise dispose of or encumber any of the Revenues, and will cooperate in causing to be discharged or satisfied any lien or charge on any part of the Trust Estate.

Section 7.07. Borrower To Indemnify and Hold Issuer, The Other Issuer Indemnified Parties and Trustee Harmless From Liability. The Borrower has agreed to indemnify and hold the Issuer, the other Issuer Indemnified Parties and the Trustee harmless

from and against liability arising out of Liabilities as provided in Sections 6.02 and 7.04 of the Loan Agreement.

Section 7.08. Tax-Exempt Status of Bonds. The Issuer and the Trustee each agrees that it will not (a) take any action (reasonably within its control and subject to Section 7.02(b)), (b) fail to take any action it is required to take in accordance with this Indenture, the Loan Agreement or the Tax Certificate, or (c) make any use of the Project or the proceeds of the Bonds, which it actually knows would cause the interest on any of the Bonds to be or become includible in the gross income of the owners thereof for federal income tax purposes (except for minimum or preference tax purposes or other indirect taxation). In connection with the foregoing, the Issuer and the Trustee may conclusively rely upon the advice of Bond Counsel.

ARTICLE VIII

DISCHARGE

Section 8.01. Discharge of Lien. If and when the Bonds secured hereby shall become due and payable in accordance with their terms as provided in this Indenture, or otherwise, and the whole amount of the principal and the interest so due and payable upon all of the Bonds, together with all other amounts payable hereunder by the Issuer and all fees, costs and expenses of the Trustee and its counsel and the Issuer (including, without limitation, all fees, costs and expenses owed in connection with the Reserved Rights), shall be paid, or provision shall have been made for the payment of the same, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, upon written request of the Issuer (as directed by the Borrower) and subject to the provisions of Section 5.05 hereof, the Trustee shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, any surplus in the Bond Fund and all balances remaining in any other fund created under this Indenture and shall assign and transfer to the Borrower all other property then held by the Trustee under this Indenture and shall execute such documents as may be reasonably required by the Issuer.

If and when the Trustee shall hold sufficient moneys hereunder, as verified to the Trustee in writing by an independent public accounting firm of national reputation or other firm similarly experienced in performing such computations, to provide for payment of the whole amount of the principal and interest due and payable and thereafter to become due and payable upon all the Bonds, together with all other amounts (exclusive of amounts in the Rebate Fund or the Expense Fund) payable or which may thereafter become payable hereunder by the Issuer, notwithstanding that all the Bonds have not yet become due and payable and that consequently the right, title and interest of the Trustee in and to the Trust Estate shall not have ceased, terminated and become void pursuant to the foregoing provisions of this Section 8.01, the Trustee, on demand of the Issuer (which shall be requested by the Borrower) but subject to the provisions of Section 5.05 hereof, shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, or to such person, body or authority as may be entitled to receive the same, any surplus in the Bond Fund in excess of the amount sufficient to pay the whole amount of the principal and interest due and payable and thereafter to become due and

payable upon all Bonds together with all other amounts payable or which may thereafter become payable hereunder by the Issuer.

All Outstanding Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed above if (a) there shall have been deposited with the Trustee (as verified to the Trustee in writing by an independent public accounting firm of national reputation or other firm similarly experienced in performing such computations) either (i) moneys in an amount which shall be sufficient, or (ii) Governmental Obligations which are not subject to redemption prior to maturity, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal and interest due and to become due on such Bonds on the maturity date thereof, and (b) the Issuer (at the direction of the Borrower and subject to Section 7.02(b)) shall have given the Trustee, in form satisfactory to it irrevocable instructions to give, as soon as practicable, a notice to the Holders of such Bonds and the Rating Agency that the deposit required by subclause (a) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating such maturity upon which moneys are to be available for the payment of the principal of and interest on such Bonds. The Borrower shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Governmental Obligations deposited pursuant to this Section 8.01 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Bonds.

Neither the securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on such Bonds; provided that any cash received from such principal or interest payments on such securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested, as directed by the Borrower, in Governmental Obligations (including any short-term investment fund rated "Aa1" or "MIG 1" by the Rating Agency and secured by and investing solely in Governmental Obligations) maturing at times and in amounts sufficient to pay when due the principal and interest to become due on such Bonds on and prior to such maturity dates thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Borrower, as received by the Trustee, free and clear of any trust, lien or pledge.

The release of the obligations of the Issuer under this Section 8.01 shall be without prejudice to the right of the Trustee provided in Section 10.04 hereof to be paid compensation for all services rendered by it hereunder and all its fees, expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on behalf of the Trustee in connection with the trust hereby created and the performance of its powers and duties hereunder, and shall not affect the obligations of the Borrower to make the payments required by the Loan Agreement or the Note.

Section 8.02. Survival. Notwithstanding the payment in full of the Bonds, the discharge of this Indenture, and the termination or expiration of the Note and the Loan Agreement and any security or collateral agreements delivered in connection therewith, all provisions in this Indenture concerning (a) the tax-exempt status of the Bonds (including, but not

limited to provisions concerning rebate), (b) the interpretation of this Indenture, (c) the governing law, (d) the forum for resolving disputes, (e) the Issuer's right to rely on facts or certificates, (f) the indemnity of the Issuer Indemnified Parties and Trustee from liability (pecuniary or otherwise) and their rights to receive payment or reimbursement with respect thereto, and (g) the lack of pecuniary liability of the Issuer and the State, shall survive and remain in full force and effect.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Events of Default and Acceleration. If any of the following events occur, it is hereby defined as and declared to be and constitute an "Event of Default:"

(a) any interest on any Bond is not paid on the date on which the same becomes due; or

(b) any principal of any Bond is not paid on the date on which the same becomes due, whether at the stated maturity thereof, by acceleration or otherwise; or

(c) an Event of Default occurs under the Loan Agreement; or

(d) the Issuer fails to duly and promptly perform, comply with, or observe any covenant, condition, agreement or provision (other than as specified in (a) or (b) of this Section 9.01) contained in the Bonds or in this Indenture on the part of the Issuer to be performed, and such failure shall continue for a period of 90 days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Issuer, the Borrower and the Investor Limited Partner by the Trustee, which notice may be given by the Trustee and shall be given at the written request of the Holders of not less than 100% in principal amount of the Bonds then Outstanding; provided, however, that if such default be such that it is correctable but cannot be corrected within 90 days, it shall not be an Event of Default if the Issuer, the Borrower or the Investor Limited Partner is taking appropriate corrective action to cure such failure and if such failure will not impair the security for the Loan or the Bonds.

If any Loan payment required under the Loan Agreement to avoid a default under (a) or (b) of this Section shall not have been received at the close of business on the last Business Day preceding the day on which payment must be made to avoid a default under such (a) or (b), the Trustee shall use its best efforts to give telephonic notice of such default to the Borrower and the Investor Limited Partner, which telephonic notice shall be confirmed by written notice to the Borrower. If any other default shall occur under the provisions of this Section, the Trustee shall, within five days after having actual knowledge of such default, use its best efforts to give written notice of such default to the Issuer, the Borrower, the Investor Limited Partner and the Holders of the Bonds. A default or an Event of Default specified in (a) through (d) above shall occur even though the Trustee fails to give the notice required by this paragraph, the giving of such notice being intended solely to aid in the enforcement of the rights of Bondholders and not in

limitation of such rights and the Trustee incurring no liability for failure or defect in giving such notice.

If an Event of Default specified in (a) or (b) of this Section 9.01 shall occur and be continuing for 30 days the Trustee shall declare the principal of all Bonds then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer, the Investor Limited Partner and the Borrower, and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in this Indenture or in the Bonds to the contrary notwithstanding.

If an Event of Default specified in (c) or (d) of this Section 9.01 shall occur and be continuing, the Trustee, upon written request of the Holders of a majority in principal amount of the Bonds then Outstanding shall declare the principal of all Bonds then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer, the Investor Limited Partner and the Borrower, and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in this Indenture or in the Bonds to the contrary notwithstanding.

The Investor Limited Partner shall be entitled, but is under no obligation, to cure any Event of Default hereunder within the time frame provided to the Borrower or such longer periods as specified in this Indenture. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 9.02. Trustee To Enforce Rights of Issuer. Only in accordance with the provisions of this Indenture, the Trustee, as the assignee of all the right, title and interest of the Issuer in and to each of the documents constituting a part of the Trust Estate (except the Reserved Rights), may enforce the rights granted to the Issuer pursuant to such documents. In the enforcement of any rights or remedies under such documents, no provision of such documents shall require, and none shall be construed to require, that the Trustee post a bond or establish any surety of any kind as a condition precedent to exercising any such rights or remedies.

Section 9.03. Remedies in Addition to Acceleration. Upon the occurrence of, and during the continuance of, any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the Holders of not less than 51% in principal amount of the Bonds then Outstanding and receipt of satisfactory indemnity shall (in addition to its right or duty to accelerate as provided in Section 9.01):

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Issuer or the Borrower to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act and the Documents, provided, however, that any claim against the Issuer shall be strictly limited to the Trust Estate;

(b) bring suit upon the Bonds; or

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

Section 9.04. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any default or Event of Default shall have been discontinued or abandoned for any reason, the default or Event of Default has been cured, or shall have been determined adversely to the Trustee, then and in every such case, the Issuer, the Trustee, the Bondholders, and the Borrower shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 9.05. Right of Bondholders To Direct Proceedings. No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder, or any other remedy hereunder or on the Bonds, unless such Holder previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also the Holders of not less than 51% in principal amount of the Bonds then outstanding shall have made written request of the Trustee to do so, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted, or to institute such action, suit or proceeding in its or their name; and unless there also shall have been offered to the Trustee security and satisfactory indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, to be conditions precedent to the execution of the trusts of this Indenture or for any other remedy hereunder; it being understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of this Indenture, or the rights of any other Holder, or to enforce any right hereunder or under the Bonds, except in the manner herein provided and for the equal benefit of all Holders of Outstanding Bonds. For purposes of the foregoing sentence, the Trustee shall be deemed to have failed to act within a reasonable time if it fails to take action within 60 days after receipt of notice and compliance with the foregoing terms and conditions, whereupon, the Holders of 51% aggregate principal amount of the Bonds may take such action in the place of the Trustee. Nothing contained in this Indenture shall, however, affect or impair the right of any Holder of Bonds to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest (solely from the Trust Estate), on each of the Bonds issued hereunder to the respective Holders of the Bonds at the time, place, from the source and in the manner herein and in such Bonds expressed.

Section 9.06. Remedies Vested in Trustee. All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Holders of the Bonds, subject to the provisions of this Indenture.

Section 9.07. Remedies Non-Exclusive and Cumulative. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.08. Delays or Omissions by Trustee. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or any acquiescence therein; and every power and remedy given by this Article IX to the Trustee and to the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.09. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article IX shall, after payment of the fees, costs and expenses of the proceedings resulting in the collection of such moneys and of the accrued fees, expenses, disbursements and advances incurred or made by the Trustee, and then to the accrued Issuer Fees and Expenses or other amounts due and owing to the Issuer or the Issuer Indemnified Parties (including, without limitation, any amounts owed in connection with the Reserved Rights and indemnification due to the Issuer and the Issuer Indemnified Parties in accordance with the Loan Agreement), be deposited in the Bond Fund and all moneys so deposited in the Bond Fund during the continuance of an Event of Default (other than moneys for the payment of Bonds which have matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default, which moneys shall continue to be held for such payments) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the direct order of the maturity of the installments of such interest and, if the amounts available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

Second - To the payment to the persons entitled thereto of the unpaid principal, on any of the Bonds, which shall have become due (other than Bonds which have matured or otherwise become payable prior to such Event of Default and moneys for the payment of which are held in the Bond Fund or otherwise held by the Trustee), and if the amount available shall not be sufficient to pay in full the amount of principal, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege;

Third - To the payment to the persons entitled thereto of all other of the Issuer's Obligations and the Borrower's Obligations, and, if the amount available

shall not be sufficient to pay such Borrower's Obligations in full, then to the payment ratably, according to the amounts then due, to the persons entitled thereto without discrimination or privilege; and

Fourth - The remainder, if any, shall be paid over to the Borrower, its successors or assigns, or whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal of and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest to the persons entitled thereto without any discrimination or privilege. Any remaining funds shall be applied in accordance with the paragraphs designated "Third" and "Fourth" of subsection (a) above.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts or principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 9.10. Severability of Remedies. It is the purpose and intention of this Article to provide rights and remedies to the Trustee and Bondholders which may be lawfully granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture and by law.

ARTICLE X

THE TRUSTEE AND REMARKETING AGENT

Section 10.01. Acceptance of Trusts. The Trustee hereby accepts the trusts hereby created and agrees to perform and execute such trusts as an ordinary prudent trustee under a corporate indenture, but only upon the additional terms set forth in this Article, to all of which the Issuer agrees and the respective Holders of the Bonds agree upon and by their acceptance of delivery of any of the Bonds. The Trustee, prior to the occurrence of an event of default and after the curing of all events of default which may have occurred, undertakes to perform such

duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations should be read into this Indenture against the Trustee.

Section 10.02. Trustee Not Responsible for Recitals, Statements and Representations. Except as otherwise expressly provided herein, any representations by the Issuer in this Indenture or in the Bonds contained shall be taken and construed as made by and on the part of the Issuer, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

Except for information, if any, provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility or liability for any information, statement or recital in any Official Statement or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility or liability for compliance with any state or federal securities laws in connection with the Bonds.

Section 10.03. Action by Trustee Through and In Reliance Upon Others. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, receivers or employees. The Trustee shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder. The Trustee may act upon advice or an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken, suffered or omitted by it in good faith and in accordance with such advice or Opinion of Counsel; provided, however, such opinion is also addressed to the Issuer and the Issuer is entitled to rely thereon. The Trustee may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts hereof, such compensation to be paid as described under Section 10.04 hereof. The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatever in connection with the trust, except only for negligence or willful misconduct with respect to its responsibilities hereunder.

Except for gross negligence or willful misconduct, no personal recourse may be taken, directly or indirectly, against any officer, director, employee, attorney or agent of the Trustee with respect to the obligations of the Trustee under this Indenture or any certificate or other writing delivered in connection therewith. The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties and functions under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees.

The Trustee's rights, privileges, benefits, immunities and protections from liability and its right to payment of compensation and indemnification in connection with performance of its duties and functions under this Indenture shall survive the Trustee's resignation or removal and the final payment of the Bonds.

Section 10.04. Fees and Expenses of Trustee. The Trustee shall be entitled to payment and/or reimbursement of such fees as the Trustee and the Borrower shall agree upon, in writing from time to time, or in the absence of such agreement, to payment and/or reimbursement of fees and expenses, for its services rendered hereunder, and all advances, disbursements, counsel fees and expenses and other expenses reasonably and necessarily made or incurred by the Trustee in

connection with such services. Any amounts payable to the Trustee pursuant to this Section 10.04 shall be payable upon demand.

Section 10.05. Trustee's Obligations To Take or Have Notice of Default. The Trustee shall not be required to take notice, or to be deemed to have notice (actual or constructive), of any default under this Indenture other than a default under Section 9.01(a) or Section 9.01(b) hereof, unless it has actual knowledge of such default and is specifically notified in writing of such default by the Issuer or by the Holders of not less than 25% in principal amount of the Bonds then Outstanding.

Section 10.06. Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and 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 such person's own affairs.

(b) Except during the continuance of an Event of Default,

(i) The Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee, and

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine those certificates and opinions to determine whether they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(i) This paragraph does not limit the effect of paragraph (b) of this Section,

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

(iii) The Trustee shall not be liable with respect to any action it takes or omits to take or suffers in good faith in accordance with a direction received by it in accordance with this Indenture relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture and the other Documents, and

(iv) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

(d) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability, fee, cost, or expense, but the Trustee shall not require indemnity as a condition to making any payments on the Bonds, or declaring the principal of and interest on the Bonds to be due immediately hereunder.

(e) The Trustee's rights, privileges, benefits, immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees in each of its capacities hereunder. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of this Indenture and final payment of the Bonds.

(f) Except as otherwise provided in this Article, the Trustee shall be under no obligation to take any action in respect of any default or otherwise, or toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing to do so by the Holders of not less than 51% in principal amount of the Bonds then Outstanding, and if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with security and satisfactory indemnity. The foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provision of this Indenture to the Trustee to take action in respect of any default without such notice or request from the Bondholders, or without such security or indemnity.

(g) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, pandemics, epidemics, recognized public emergencies, quarantine restrictions, nuclear or natural catastrophes or acts of God, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, and hacking, cyber-attacks, or other use or infiltration of the Trustee's technological infrastructure exceeding authorized access.

(h) Delivery of any reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive or actual notice of any information contained therein or determinable from information contained therein, including the Issuer's or Borrower's compliance with any of its covenants hereunder. The Trustee shall have no duty to review or make independent investigation with respect to any reports, information and documents

received by the Trustee in connection herewith, and shall hold the same solely as repository.

(i) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a) through (f) of this Section.

(j) No later than July 31 of each year, commencing [July 31, 2026], the Trustee shall deliver to the Issuer by email, regular mail, telephone message, or hand delivery, a report stating the principal amount of the Bonds Outstanding as of June 30 of such year. If July 31 does not fall on a Business Day, then the report shall be delivered on the next Business Day.

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

(l) The rights, privileges, protections, immunities, and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

Section 10.07. Trustee May Make Advances To Effect Performance. If the Issuer shall fail to perform any of the covenants or agreements contained in this Indenture other than the covenants or agreements in respect of the payment of the principal of and interest on the Bonds, the Trustee may, in its absolute discretion and without notice to the Bondholders, at any time and from time to time, make advances to effect performance of the same on behalf of the Issuer, but the Trustee shall be under no obligation to do so; and any and all moneys paid or advanced by the Trustee for any such purposes shall be a claim in favor of the Trustee upon the Trust Estate prior to the claim of the Bonds; but no such advance shall operate to relieve the Issuer from any default hereunder.

Section 10.08. Trustee May Rely Upon Instruments. The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon and shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any indenture, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition, instrument, report, direction or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board, body or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture or the Documents, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements, and shall be protected and shall incur no liability in acting or proceeding in good faith in reliance thereon. The Trustee shall not be bound to recognize any person as a Holder of any Bond or to take any action at his request unless such Bond shall be deposited with the Trustee or satisfactory evidence of the ownership of such Bond shall be furnished to the Trustee. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other

paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Borrower, personally or by agent or attorney at the sole cost of the Borrower and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

Section 10.09. Trustee May Own and Deal in Bonds and Deal With Issuer and Borrower. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder and secured by this Indenture, and may join in any action which any Bondholder may be entitled to take with like effect as if the Trustee were not a party to this Indenture. The Trustee, either as principal or agent, may also engage in or deal with or be interested in any financial or other transaction with the Issuer or the Borrower or any related entity, and may act as depository, trustee, or agent for any committee or body of Holders of the Bonds secured hereby or other obligations of the Issuer as freely as if it were not Trustee hereunder.

Section 10.10. Financial Liability of the Trustee. No provision of this Indenture will require the Trustee to expend or risk its own funds or otherwise incur or risk any financial liability in the performance of any of its duties under this Indenture, or in the exercise of any of its rights or powers if it will have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Except as may otherwise be provided in this Indenture, the Trustee will have the right to demand, in respect to the authentication of any Bonds or the release of any property, any showings, certificates, opinions (including Opinions of Counsel), appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof or of the Loan Agreement required as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Issuer or the Borrower to the authentication of any Bonds, or the release of any property.

Section 10.11. Trustee May Construe Ambiguous or Inconsistent Provisions. The Trustee may construe any of the provisions of the Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provisions hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Bondholders.

Section 10.12. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than 60 days written notice to the Issuer (with a copy to the Borrower and the Investor Limited Partner) specifying the date when such resignation shall take effect and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, in which event such resignation shall take effect immediately on the appointment of such successor, provided that such resignation shall not take effect unless and until a successor shall have been appointed.

Section 10.13. Removal of Trustee. The Trustee shall be removed by the Issuer, upon 30 days written notice, if at any time so requested by an instrument or concurrent instruments in

writing, filed with the Trustee and the Issuer, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorney-in-fact duly authorized, excluding any Bonds held by or for the account of the Issuer. The Issuer may also remove the Trustee at any time, except during the existence of any Event of Default as defined in Section 9.01 hereof, for cause or breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with any provision of this Indenture with respect to the duties and obligations of the Trustee by filing with the Trustee an instrument signed by an Authorized Issuer Representative. A copy of each such instrument providing for any such removal shall be delivered by the Issuer to any Bondholder who shall have filed its name and address with the Issuer and, if requested, to the Borrower and the Investor Limited Partner; provided that such removal shall not take effect unless and until a successor shall have been appointed.

Section 10.14. Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Issuer covenants and agrees that it will thereupon appoint a successor Trustee as directed in writing by the Borrower.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provision of this Section within 45 days after the Trustee shall have given to the Issuer written notice, as provided in Section 10.12 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee (at the expense of the Borrower) or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, prescribe and appoint a successor Trustee.

Any successor Trustee appointed under the provision of this Section 10.14 in succession to the Trustee shall be a bank or trust company or national banking association with trust powers, having a combined capital, surplus and undivided profits of at least $50,000,000 if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

Section 10.15. Appointment of Successor Trustee by Court. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the retiring Trustee may forthwith (at the expense of the Borrower) apply to a court of competent jurisdiction for the appointment of a successor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article within six months after a vacancy shall have occurred in the office of Trustee, the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Trustee. A successor Trustee under Sections 10.14 and 10.15 shall notify the Borrower and the Investor Limited Partner, in writing, after being so appointed.

Section 10.16. Acceptance of Trust by Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and the Rating Agency an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trust, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon request of such Trustee, the Trustee ceasing to act and the Issuer (subject to Section 7.02(b)) shall execute and deliver an instrument transferring to such successor Trustee all the estates, property, rights, powers and trusts hereunder of the Trustee so ceasing to act, and the Trustee, upon payment of all amounts owed to it hereunder, so ceasing to act shall pay over to the successor Trustee all moneys and other assets at the time held by it hereunder.

Section 10.17. Merger or Consolidation of Trustee With Another Corporation. Any organization or entity into which any Trustee hereunder may be merged or with which it may be consolidated, or any organization or entity resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or to which it may sell or transfer all or substantially all of its corporate trust business and assets as a whole or substantially as a whole, shall be and become the successor Trustee under this Indenture and shall have succeeded to the rights, powers, duties, immunities and privileges as its predecessor without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 10.18. Action of Trustee During Existence of an Event of Default. Notwithstanding any other provisions of this Article, the Trustee shall, during the existence of an Event of Default actually known to the Trustee, exercise such of the rights and powers vested in it by the Indenture and use the same degree of skill and care in their exercise as a prudent person would use and exercise under the circumstances.

Section 10.19. Notice of an Event of Default. Notwithstanding anything herein to the contrary, upon the occurrence of an Event of Default actually known to the Trustee, the Trustee shall within 30 days give written notice thereof to the Issuer, the Borrower, the Investor Limited Partner, the Rating Agency and to each Bondholder at its last address appearing upon the registration books of the Issuer kept by the Trustee unless such Event of Default shall have been cured before the giving of such notice.

Section 10.20. Trustee May Intervene. In any judicial proceeding to which the Issuer is a party and which, in the reasonable opinion of the Trustee and its counsel, has a substantial bearing on the interests of Holders of the Bonds, the Trustee may intervene on behalf of the Holders of the Bonds and shall, upon receipt of satisfactory indemnity do so if requested in writing by the Holders of not less than 51% in principal amount of Bonds then outstanding, if such intervention is permitted by the court having jurisdiction in the premises.

Section 10.21. Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any Bonds which remain unclaimed for a period up to six months, prior to the date when such moneys would escheat under applicable law and after the date when such Bonds have become due and payable either at their stated maturity dates, if such moneys were held by the Trustee at

such date, or for a period up to six months prior to the date when such moneys would escheat under applicable law if deposited with the Trustee after such date when all Bonds became due and payable, shall be paid by the Trustee to the Borrower as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged. Thereafter, any person having a claim against any such moneys shall look solely to the Borrower for payment of the same.

Section 10.22. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of trust companies, banking corporations or national associations to transact business as a trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Loan Agreement, and in particular in case of the enforcement thereof on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Consent in writing from the Issuer shall be required prior to the appointment of the separate or co-trustee by the Trustee. All such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer at the expense of the Borrower. In case any separate or co-trustee or a successor to either shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or co-trustee, so far as permitted by law and so approved by the Issuer, shall vest in and be exercised by the Trustee until the appointment of a successor to such separate or co-trustee. The Trustee shall notify the Borrower and the Investor Limited Partner, in writing, of any co-trustee appointed under this Section. No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, and the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

Section 10.23. The Remarketing Agent. The Remarketing Agent identified in Section 1.01 hereof shall serve as the Remarketing Agent for the Bonds. The Remarketing Agent shall designate to the Trustee its Designated Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Borrower (and, if requested, the Investor Limited Partner) and the Trustee. In addition, the Remarketing Agent will agree particularly to:

(a) keep such records relating to its computations of interest rates for the Bonds as shall be consistent with prudent industry practice and to make such records available for inspection by the Issuer, the Trustee, the Investor Limited Partner and the Borrower at all reasonable times; and

(b) perform all of its functions and duties under this Indenture.

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

The Remarketing Agent shall be entitled to appoint additional co-Remarketing Agents to assist in the performance of the Remarketing Agent's obligations under this Indenture, and any such appointment shall be effective without any action of the Issuer. Additionally, any such co-Remarketing Agent, shall have a capitalization of at least $5,000,000, or shall have a line of credit with a commercial bank in the amount of at least $5,000,000, shall be in conformity with all standards and requirements of the Municipal Securities Rulemaking Board and the Securities and Exchange Commission, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent shall take responsibility for any co-Remarketing Agent it appoints pursuant to this Section 10.23.

Section 10.24. Qualifications of Remarketing Agent. The Remarketing Agent shall be a member in good standing of the Financial Industry Regulatory Authority and shall be authorized by law to perform all the duties imposed upon it by this Indenture. Subject to the terms of the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 30 days' notice of such resignation to the Issuer, the Borrower, the Investor Limited Partner, the General Partner and the Trustee. The Remarketing Agent may be removed, with prior notice to the Issuer, at any time by the Borrower, with at least 30 days' notice of such removal to the Remarketing Agent.

Upon any resignation or removal of the Remarketing Agent, the departing Remarketing Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity to its successor.

The Trustee, within 30 days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent, shall give notice thereof by registered or certified mail to the Rating Agency (if the Bonds are then rated) and to the Holders of the Bonds. The Trustee shall incur no liability for failure to give any such notice.

Section 10.25. Notices to Rating Agency and Remarketing Notice Parties. The Trustee shall notify the Rating Agency and the Remarketing Notice Parties of (a) the occurrence of an Event of Default of which the Trustee has actual notice, (b) the occurrence of any monetary or other material default under the Loan of which the Trustee has actual notice, (c) any change in the identity of the Trustee, (d) any amendments, modifications, supplements or changes to this Indenture, the Loan Agreement, the Note or the Bonds, including any extension of principal or modification of interest or redemption premium due on any of the Bonds, in each case only in the

event the Trustee has actual notice, (e) any change or proposed change in the structure or identity of the Borrower of which the Trustee has actual knowledge, (f) any change or notification of proposed change of the Mandatory Tender Date or Remarketing Date, (g) any partial prepayment of the Loan or the giving of notice of the call for redemption of any Bonds, (h) any change in the investment of funds subject to the lien of this Indenture, (i) any defeasance or acceleration of the Bonds hereunder, (j) any change in the Remarketing Agent or the Mortgage Lender of which the Trustee has actual knowledge, or (k) any sale of Eligible Investments below par, as shown in a Cash Flow Projection delivered to the Rating Agency prior to the sale date; provided that the Trustee shall incur no liability for failure to give any such notice.

Section 10.26. Financing Statements. Pursuant to Section 5.05 of the Loan Agreement, the Borrower shall perfect or shall otherwise cause to be perfected any security interest created hereunder by the filing of financing statements which fully comply with State law. Notwithstanding the foregoing, the Trustee shall be authorized, but not obligated to file all necessary continuation statements prepared and delivered to it by the Borrower with respect to any such original financing statements of which a legible copy showing the date and place of filing, is delivered to the Trustee, at the expense of the Borrower within the time prescribed by the State's law. In no event shall the Trustee be responsible for any information contained in any UCC financing statement or the recording or filing of this Indenture or any initial financing statements or other instruments, and unless otherwise notified in writing by the Borrower, the Trustee may conclusively rely without liability upon all such UCC financing statements. Notwithstanding anything to the contrary herein or in any other document, the Issuer and the Trustee shall have no responsibility for the preparation, filing or monitoring of any financing statements, continuation statements, termination statements or other filings under State UCC provisions or other applicable law. To the extent the Trustee is required to file any instrument, the Trustee shall be entitled to retain counsel or a third-party vendor to file the UCC continuations and shall be entitled to receive reimbursement of all fees and expenses pursuant to this Indenture and the other Documents.

Section 10.27. Trustee Delivery of Information to Borrower and Investor Limited Partner. The Trustee shall furnish to the Borrower and the Investor Limited Partner all information reasonably requested by the Borrower or the Investor Limited Partner with respect to the Bonds and the investment of funds and accounts maintained by the Trustee hereunder.

Section 10.28. Trustee Delivery of Information to Rating Agency. Upon written request by the Borrower or the Rating Agency, the Trustee shall furnish to the Borrower and the Rating Agency all information reasonably requested by the Borrower or the Rating Agency with respect to the Bonds and the investment of funds and accounts maintained by the Trustee hereunder. The Trustee agrees to the foregoing as a matter of courtesy and accommodation only and shall not be liable to any Person for any failure to comply therewith.

ARTICLE XI

MODIFICATION OF INDENTURE AND OTHER DOCUMENTS

Section 11.01. Limitation on Amendments to this Indenture. This Indenture shall not be modified or amended in any respect except as provided in accordance with and subject to the provisions of this Article.

Section 11.02. Amendments to Indenture and Loan Agreement Not Requiring Consent of Bondholders.

(a) The Issuer and the Trustee may, from time to time and at any time, without the consent of Bondholders, enter into agreements supplemental to this Indenture and the Loan Agreement as follows:

(i) to specify and determine any matters and things relative to Bonds which shall not materially adversely affect the interest of the Bondholders;

(ii) to cure any formal defect, omission or ambiguity in this Indenture or the Loan Agreement if such action does not materially adversely affect the rights of the Bondholders;

(iii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as heretofore in effect;

(iv) to add to the covenants and agreements of the Issuer in this Indenture or the Loan Agreement other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with this Indenture or the Loan Agreement as theretofore in effect;

(v) to add to the limitations and restrictions in this Indenture or the Loan Agreement, other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with this Indenture or the Loan Agreement as theretofore in effect;

(vi) to confirm, as further assurance, any pledge under and the subjection to any claim, lien or pledge created, or to be created by, this Indenture, of the Revenues or of any other moneys, securities or funds; or

(vii) to modify, amend or supplement this Indenture or the Loan Agreement in any respect which, in the judgment of the Trustee, is not materially adverse to the interests of the owners of the Bonds.

(b) Before the Issuer shall enter into any agreement supplemental to this Indenture pursuant to this Section, there shall have been filed with the Trustee an opinion of Bond Counsel stating that (1) such supplemental indenture is authorized or permitted

by this Indenture and complies with its terms, and that upon adoption it will be the legal, valid and binding obligation of the Issuer in accordance with its terms and (2) the effectiveness of the supplemental indenture will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(c) The Trustee shall send written notice to the Borrower, the Investor Limited Partner and Rating Agency of any amendment to this Indenture or the Loan Agreement and, if requested, copies of any such amendments.

Section 11.03. Amendments to Indenture Requiring Consent of Bondholders.

(a) Subject to the terms and provisions contained in this Section and not otherwise, the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the execution and delivery by the Issuer and the Trustee of any agreement supplemental to this Indenture as shall be deemed necessary or desirable by the Issuer and the Trustee for the purposes of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in this Indenture; provided, however, that, unless approved in writing by the Holders of all of the Bonds then Outstanding, nothing herein contained shall permit, or be construed as permitting, (i) a change in the terms of maturity of the principal of or the interest on any Outstanding Bond, or a reduction in the principal amount of any Outstanding Bond or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge or assignment of, the Trust Estate ranking prior to or on a parity with the claim, lien, assignment or pledge created by this Indenture, or the release of the Trust Estate or any part thereof (except to the extent permitted pursuant to the Documents), or (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for any action or consent by Bondholders set forth in this Indenture, including (without limitation) that required for consent to such supplemental indentures. This Section shall not limit or otherwise affect the ability of the Issuer to enter into agreements supplemental to this Indenture without the consent of the Bondholders pursuant to Section 11.02 hereof.

(b) If at any time the Issuer and the Trustee shall determine to enter into any supplemental indenture for any of the purposes of this Section, the Trustee shall cause written notice of the proposed supplemental indenture to be given to all Holders of the Bonds; provided, however, that failure to give such notice or any defect therein, shall not affect the validity of any proceedings pursuant hereto. Such notice shall be prepared by the Borrower or its agent and shall briefly set forth the nature of the proposed supplemental indenture and shall state that a copy thereof is on file at the Designated Office for inspection by all Bondholders.

(c) Within 120 days after the date of giving such notice, the Issuer and the Trustee may enter into such supplemental indenture in substantially the form described in such notice only if there shall have first been filed with the Issuer (i) the written consents of Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding (or 100% if required hereunder) and (ii) an Opinion of Counsel stating that

(1) such supplemental indenture is authorized or permitted by this Indenture and complies with its terms, and that upon adoption it will be the legal, valid and binding obligation of the Issuer in accordance with its terms and (2) the effectiveness of the supplemental indenture will not adversely affect the exclusion of interest on the Bonds from gross income for federal income taxes.

(d) If the Holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the supplemental indenture as herein provided, no Holder of any Bond shall have any right to object to such supplemental indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety thereof, or to enjoin or restrain the Issuer or the Trustee from entering into the same or from taking any action pursuant to the provisions thereof.

(e) Upon the effectiveness of any supplemental indenture entered into pursuant to the provisions of this Section, this Indenture shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Holders of Bonds then outstanding shall thereafter be determined, exercised and enforced under this Indenture subject in all respects to such modifications and amendments.

(f) The Trustee shall send written notice to the Rating Agency of any amendment to this Indenture. The Trustee shall incur no liability for failure to give any such notice.

Section 11.04. Supplemental Indentures Part of Indenture. Any supplemental indenture entered into in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be and shall be deemed to be a part of the terms and conditions of this Indenture for any and all such purposes.

Section 11.05. Required Consent. Notwithstanding anything herein to the contrary, the Trustee shall not be required to enter into or consent to any supplemental indenture or any amendment of any other Document that would affect the rights, obligations, powers, privileges, indemnities, immunities or other security provided the Trustee herein or therein, except to the extent necessary, as set forth in an opinion of Bond Counsel, to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes. Further, notwithstanding anything herein to the contrary, as long as no default has occurred and is continuing under any of the Documents, any supplemental indenture under this Article shall not become effective unless and until the Borrower shall have consented in writing to such supplemental indenture, and to any related revisions of the Loan Agreement, the Tax Regulatory Agreement or any of the other Documents to be affected.

Section 11.06. Amendments to Documents Requiring Consent of Bondholders. Except as provided in Section 11.02 of this Indenture, the Issuer and the Trustee shall not consent to any amendment, change or modification of the Documents without the giving of written notice and the written approval or consent of the Holders of the Bonds at the time

Outstanding, given and procured as provided in Section 11.03 hereof; provided, however, no such separate approval or consent shall be required in connection with the issuance of refunding bonds if any required consent of the required number of Holders to the issuance thereof shall have been previously obtained. If at any time the Issuer and the Borrower shall request in writing the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change, or modification to be given in the same manner as provided by Section 11.03 hereof with respect to supplemental indentures. Such notice shall be prepared by the Borrower or its agent and shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Designated Office for inspection by all Bondholders.

Section 11.07. Amendment, Restatement, and Supersession. On the Funding Date, and upon the execution and delivery of the Funding Loan Agreement, the Borrower Loan Agreement, and the Governmental Lender Note, this Indenture, the Loan Agreement, and the Bonds shall be deemed amended, restated and superseded in full by the terms thereof. The requirements of Sections 11.03 through 11.06 hereof shall not apply to such amendment and restatement.

ARTICLE XII

MISCELLANEOUS

Section 12.01. No Personal Liability; No Recourse. No member, officer, agent, employee or attorney of the Issuer, including any person executing this Indenture or the Bonds, will be liable personally on the Bonds or for any reason relating to the issuance of the Bonds. No recourse will be had for the payment of the principal of or the interest on the Bonds, or for any claim based on such Bonds, or otherwise in respect of such Bonds, or based on or in respect of this Indenture or any indenture supplemental to this Indenture, against any member, officer, employee or agent, as such, of the Issuer or any successor, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance of this Indenture and as part of the consideration for the issue of the Bonds, expressly waived and released.

Section 12.02. Indenture for Benefit of Issuer, Trustee and Bondholders. Except as herein otherwise specifically provided and subject to the final sentence of this Section 12.02, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person, other than the Issuer, the Trustee and the Holders of the Bonds, any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Issuer and the Trustee and the Holders of the Bonds; provided that this Indenture shall also be for the benefit of the Borrower and the Investor Limited Partner, and the Borrower and the Investor Limited Partner shall be deemed to be third-party beneficiaries of and in connection with those matters in which the terms of this Indenture fairly construed are indicative that they are for the benefit of the Borrower or the Investor Limited Partner.

Section 12.03. Severability. In case any one or more of the provisions of this Indenture or of the Bonds for any reason, is held to be illegal or invalid such illegality or invalidity shall not affect any other provisions of this Indenture or the Bonds, and this Indenture and the Bonds

shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced as if such illegal or invalid provisions had not been contained therein.

Section 12.04. Governing Law; Venue. This Indenture and the Bonds are contracts made under the laws of the State of California and shall be governed by and construed in accordance with the Constitution and laws applicable to contracts made and performed in the State of California. This Indenture and the Bonds shall be enforceable in the State of California, excluding its conflict of laws rules to the extent such rules would apply the law of another jurisdiction and any action arising out of this Indenture or the Bonds shall be filed and maintained in the County of San Diego, California, unless the Issuer waives this requirement.

Section 12.05. Notices; Publication of Notice.

(a) All notices, advice, certifications or other communications hereunder between the Issuer and the Trustee shall be sufficiently given and shall be deemed given when delivered by hand or overnight courier, or mailed by certified or registered mail, postage prepaid, return receipt requested, or transmitted by electronic means (including, without limitation, facsimile or electronic mail transmission) addressed to the appropriate Notice Address set forth below. The Issuer or the Trustee may, by notice given hereunder, designate any further or different address(es) to which subsequent notices, advice, certifications or other communications shall be sent. Notices to persons other than the Issuer or the Trustee (such as, for example, notices to Owners of Bonds) shall be governed by the other applicable provisions of this Indenture.

As to the Issuer:	Housing Authority of the City of San Diego 1122 Broadway, Suite 300 San Diego, California 92121 Attention: Vice President of Multifamily Housing Finance
As to the Trustee:	U.S. Bank Trust Company, National Association [_____]
As to the Borrower:	Hillcrest Hall LP 122 East 42nd Street, Suite 1903 New York, New York 10168 Attention: Paul A. Salib
With copies to:	Hobson Bernardino + Davis LLP 600 Culver Pointe, Suite 215 Culver City, California 90230 Attention: Jason A. Hobson, Esq. (which copy shall not constitute notice to Borrower)
And copies to:	[_____]

With a copy to:	[_____]
As to the Mortgage Lender:	Citibank, N.A. 388 Greenwich Street, Trading 4th Floor New York, NY 10013 Attention: Transaction and Asset Management Group Re: Hillcrest Hall Deal ID No. 50016002 Facsimile: (212) 723-8209
And to:	Citibank, N.A. Transaction and Asset Management Group/Post Closing Citi Community Capital 3800 Citibank Center Tampa, Florida 33610 Re: Hillcrest Hall Deal ID No. 50016002
With a copy to:	Citibank, N.A. 388 Greenwich Street, Trading 4th Floor New York, NY 10013 Attention: Account Specialist Re: Hillcrest Hall Deal ID No. 50016002 Facsimile: (212) 723-8209
And a copy of any notices of default sent to:	Citibank, N.A. 388 Greenwich Street, 17th Floor New York, NY 10013 Attention: General Counsel's Office Re: Hillcrest Hall Deal ID No. 50016002 Facsimile: (646) 291-5754
As to the Underwriter and Remarketing Agent:	Stifel, Nicolaus & Company, Incorporated 1401 Lawrence Street, Suite 900 Denver, CO 80202 Attention: Brad Edgar Telephone: (303) 291-5263 Email: edgarb@stifel.com
With copies to:	Tiber Hudson LLC Attention: Kent Neumann, Esq. Telephone: (202) 973-0107 Email: kent@tiberhudson.com

As to the Rating Agency:	Moody's Investors Service, Inc. 7 World Trade Center 250 Greenwich Street, 16th Floor New York, NY 10007 Public Finance Department — Housing Group Email: Housing@moodys.com
As to the Investor Limited Partner:	RSEP Holding, LLC, c/o Red Stone Equity Partners, LLC 90 Park Avenue, 28th Floor New York, NY 10016 Attention: General Counsel (which copy shall not constitute notice to Borrower) With copies to: Bocarsly Emden Cowan Esmail & Arndt LLP 633 West Fifth Street, Suite 5880 Los Angeles, California 90071 Attention: Kyle B. Arndt E-Mail Address: karndt@bocarsly.com
As to Citibank:	Citibank, N.A. 388 Greenwich Street, Trading 4th Floor New York, NY 10013 Attention: Transaction and Asset Management Group Re: Hillcrest Hall Deal ID No. 50016002 Facsimile: (212) 723-8209

(b) Whenever the Issuer or the Trustee is required or permitted to give or publish notice of any event or occurrence under this Indenture, such notice shall be given or published in such manner and by such means as the Issuer or the Trustee, as the case may be, shall determine to be appropriate. Such publication may be by (but is not limited to) any of the following means: (1) publication in one or more newspapers or trade journals selected by the Issuer or the Trustee, as the case may be; (2) publication by or through one or more financial information reporting services; (3) delivery to one or more "nationally recognized municipal securities information repositories" (as such term is defined in Securities and Exchange Commission Rule 15c2-12) or any successor repository or entity fulfilling a substantially similar or like role; or (4) by mailing a copy of such notice by first class mail, postage prepaid, to the person entitled to receive the notice at such person's address as shown on the records of the Issuer or the Trustee.

Section 12.06. Trustee as Paying Agent and Bond Registrar. The Trustee is hereby designated and agrees to act as paying agent and Bond registrar for and in respect to the Bonds.

Section 12.07. Execution of Instruments by Bondholders and Proof of Ownership of Bonds. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of the Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be conclusively proved by the registration books kept under the provisions of Section 2.08 of this Indenture.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done by the Trustee pursuant to such request or consent.

Section 12.08. Mortgage Loan Documents Independent.

(a) Enforcement of the covenants in this Indenture will not result in, and neither the Issuer nor the Trustee has or shall be entitled to assert, any claim against the Borrower, the Project, the Mortgage Loan proceeds, any reserves or deposits required by the Mortgage Lender in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Project.

(b) Failure of the Issuer or the Borrower to comply with any of the covenants set forth in this Indenture or any of the Borrower Documents will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

(c) Notwithstanding anything in this Indenture, the Loan Agreement, the Note or the Bond Purchase Agreement to the contrary, (i) the Mortgaged Property (as defined in the Mortgage Loan Security Instrument) shall not include any portion of the Trust Estate and the Mortgage Lender shall not have any claim to or lien upon the Trust Estate under this Indenture and funds held by the Trustee under this Indenture and pledged to secure the repayment of the Bonds, except for Eligible Funds that may be returned to the party that deposited said funds with the Trustee as may be required under Section 5.02 hereof; and (ii) the Trust Estate shall not include any portion of the Mortgaged Property (as defined in the Mortgage Loan Security Instrument).

Section 12.09. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original, but all of which shall constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture and signature pages for all purposes.

Section 12.10. U.S.A. Patriot Act Requirements of the Trustee. To help the government of the United States of America fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual Person such as a business entity, a charity, a trust or other legal entity, the Trustee may request documentation to verify such Person's formation and existence as a legal entity and the identity of the owners or controlling persons thereof. The Trustee may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation. The Issuer (subject to Section 7.02(a)) and the Borrower agree that they will cooperate with the Trustee as reasonably necessary in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

Section 12.11. Electronic Transmissions.

(a) The transactions described in this Indenture may be conducted and the related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

(b) The Trustee shall have the right to accept and act upon directions or instructions given pursuant to this Indenture and delivered using Electronic Means (defined below); provided, however, that Borrower, the Issuer or such other party giving such direction or instruction, as the case may be, shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such directions or instructions (each an "Authorized Officer") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. For purposes of this subsection (b), "Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Borrower, the Issuer or such other party giving such direction or instruction elects to give the Trustee directions or instructions using Electronic Means and the Trustee in its discretion elects to act or not act upon such directions or instructions, the Trustee's understanding of such directions or instructions shall be deemed controlling. The Borrower, the Issuer and any other party giving such direction or instruction understand and agree that the Trustee cannot determine the identity of the actual sender of such directions or instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee

have been sent by such Authorized Officer. The Borrower, the Issuer or such other party giving such instruction shall each be responsible for ensuring that only Authorized Officers transmit such directions or instructions to the Trustee and that only Authorized Officers transmit such directions or instructions to the Trustee and that all Authorized Officers treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Trustee shall not be liable for any losses, fees, costs or expenses arising directly or indirectly from the Trustee's conclusive reliance upon and compliance with such directions or instructions notwithstanding such directions or instructions conflict or are inconsistent with a subsequent written direction or written instruction. The Borrower agrees: (i) to assume all risks arising out of the use of Electronic Means to submit directions or instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions or instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions or instructions to the Trustee and that there may be more secure methods of transmitting directions or instructions; (iii) that the security procedures (if any) to be followed in connection with its transmission of directions or instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 12.12. Waiver of Jury Trial. EACH OF THE BORROWER, THE HOLDERS AND THE TRUSTEE (BUT NOT THE ISSUER), HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE BONDS OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 12.13. Unrelated Bond Issues. The Issuer has, prior to the issuance of the Bonds, issued, and subsequent to the issuance of the Bonds, the Issuer expects to issue various series of bonds in connection with the financing of other projects (said bonds together with any bonds issued by the Issuer between the date hereof and issuance of the Bonds shall be referred to herein as the "Other Bonds"). Any pledge, mortgage, or assignment made in connection with any Other Bonds shall be protected, and any funds pledged or assigned for the payment of principal, premium, if any, or interest on the Other Bonds shall not be used for the payment of principal, premium, if any, or interest on the Bonds. Correspondingly, any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and any funds pledged or assigned for the payment of the Bonds shall not be used for the payment of principal, premium, if any, or interest on the Other Bonds.

Section 12.14. Recycling Transactions. Notwithstanding any provisions of this Indenture or the Bonds to the contrary, the Issuer shall be permitted to direct that payments representing prepayments or repayments of principal on the Note be delivered to a custodian or trustee selected by the Issuer, in lieu of application to repay a like portion of the Bonds, so long as the Issuer simultaneously causes other funds to be applied to repay such portion of the Bonds. 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 connection with such recycling and Bond prepayment, if so directed in a written direction of the Issuer provided to the Trustee prior to any prepayment date, the Trustee is hereby authorized and directed to receive any such Bond prepayment or amounts corresponding thereto and to hold such amounts, uninvested, for such period of time and to transfer such amounts to the Issuer, or to such custodian, fiscal agent or trustee designed by the Issuer and specified in such written direction. For purposes of effectuating the foregoing, the Trustee is hereby authorized and directed to open and create such funds or accounts, which may be temporary in nature, as may be necessary or desirable, and to close such funds or accounts following the completion of the transfers set forth in such written direction.

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be signed in its name and behalf by its Authorized Issuer Representative, and the Trustee has caused this Indenture to be signed in its name by one of its duly authorized officers, all as of the day and year first above written.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, as Issuer

By: _____
[_____]

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Signatory

CONSENT AND AGREEMENT OF BORROWER

For and in consideration of the issuance of the Bonds by the Issuer, the Borrower consents to and approves the Indenture in all respects. In addition, the Borrower agrees that whenever the Indenture by its terms imposes any duty or obligation on the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower agrees to carry out and perform its duties and obligations thereunder.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC, a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and Community Development LLC,
a Delaware limited liability company, its Sole Member

By: _____
Joel Hammer, Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC, a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc., a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett, CEO

By: BOLD HILLCREST LLC, a California limited liability company,
its Managing General Partner

By: Bold Communities, a California nonprofit public benefit corporation, its Sole Member

By: _____
Michael Miller, President

APPENDIX A

FORM OF BONDS

NOTICE: Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED
No. R-1

REGISTERED
$18,200,000

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(HILLCREST HALL) 2026 SERIES A-1 (TAX-EXEMPT)

Dated Date	Initial Interest Rate	Initial Mandatory Tender Date	Maturity Date	CUSIP Number
[Closing Date]	[_.__]%	[January 1, 2030]	[January 1, 2060]	[CUSIP No.]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [EIGHTEEN MILLION TWO HUNDRED THOUSAND] DOLLARS ($18,200,000)

FOR VALUE RECEIVED, the Housing Authority of the City of San Diego (the "Issuer"), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State"), hereby promises to pay (but only out of the Trust Estate pledged therefor) to the registered owner identified above, or its successor or registered assignee or legal representative, unless previously called for redemption, the principal amount set forth above, on the Maturity Date identified above, in lawful money of the United States of America which on the date of payment is legal tender for the payment of public and private debts, upon the presentation and surrender of this Bond at the designated corporate trust office of U.S. Bank Trust Company, National Association, as trustee, or its successor in trust (the "Trustee"), and to pay interest thereon (but only out of the Revenues) to the registered owner hereof from the Dated Date identified above to but not including [_____] (the "Initial Mandatory Tender Date"), at the Initial Interest Rate per annum identified above and thereafter at the Remarketing Rate (as defined in the Trust Indenture) (subject to adjustment or change as provided in the Trust Indenture), payable at the times and in the manner hereinafter set forth. Principal hereof shall be payable, upon the request of any registered Holder of Bonds on the applicable Record Date having an aggregate principal amount of $1,000,000 or more, by wire transfer of immediately available funds from the Trustee to the bank and account number specified by such holder to the Trustee in writing. All interest hereon shall be paid by wire or check mailed by the Trustee to the registered Owner hereof at his or her address as it appears on the registration books of the

Issuer (which are held and maintained by the Trustee), or, upon the request of any registered Holder of Bonds having an aggregate principal amount of $1,000,000 or more, by wire transfer of immediately available funds from the Trustee to the bank and account number provided by such registered Owner to the Trustee in writing, such interest being payable semi-annually on each [_____] 1 and [_____] 1, commencing [_____] 1, 2026, until the principal amount of the Bonds is paid or duly provided for in lawful money of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Capitalized terms used herein have the same meanings as set forth in the Trust Indenture, dated as of [_____] 1, 2026, by and between the Issuer and the Trustee (the "Trust Indenture").

This Bond is one of an issue of the $18,200,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series A-1 (Tax-Exempt) (the "Bonds"), of like date and tenor, except as to number and denomination, issued under and pursuant to the Constitution and laws of the State and under the Act, for the purpose of making a loan to Hillcrest Hall LP, a California limited partnership (the "Borrower"), to finance a portion of the costs of the acquisition, construction, and equipping of an approximately 98-unit (including one manager's unit) multifamily rental housing development to be located within the City of San Diego, California known or to be known as Hillcrest Hall (as more particularly described herein, the "Project"). The proceeds of the Bonds are being loaned to the Borrower by the Issuer under a Loan Agreement dated as of [_____] 1, 2026, by and between the Borrower and the Issuer (the "Loan Agreement") and evidenced by a Promissory Note dated [Closing Date], from the Borrower in favor of the Issuer (the "Note").

The Bonds are issued concurrently and on a parity basis with the $[TAXABLE PAR] Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Hillcrest Hall) 2026 Series C-2 (Taxable).

The Bonds are issued under the Trust Indenture, and to the extent provided therein, are, together with all other Bonds that may be issued thereunder, equally and ratably secured and entitled to the protection given by the Trust Indenture. Pursuant to the Trust Indenture, the Issuer has assigned to the Trustee (among other things) the Revenues. Pursuant to the Note and the Loan Agreement, payments sufficient for the prompt payment when due of the principal of and interest on the Bonds are to be paid by the Borrower to the Trustee for the account of the Issuer. The obligations of the Borrower under the Note and the Loan Agreement are secured by the proceeds of the Bonds deposited into the Project Fund and Eligible Funds deposited into the Collateral Fund created pursuant to Section 4.01 of the Trust Indenture.

PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THIS BOND IS A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE ISSUER PAYABLE SOLELY OUT OF THE TRUST ESTATE.

THIS BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE SECURITY PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OF CALIFORNIA, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY

PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE ENFORCEMENT OF ANY OBLIGATION, PROMISE OR AGREEMENT OF THE ISSUER CONTAINED IN THE INDENTURE OR IN THE BONDS OR THE OTHER DOCUMENTS TO WHICH THE ISSUER IS A PARTY OR FOR ANY CLAIM BASED HEREON OR THEREON OR OTHERWISE IN RESPECT HEREOF OR THEREOF AGAINST ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE, AS SUCH, IN HIS/HER INDIVIDUAL CAPACITY, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY WHETHER BY VIRTUE OF ANY CONSTITUTIONAL PROVISION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE. NO PERSONAL LIABILITY WHATSOEVER SHALL ATTACH TO, OR BE INCURRED BY, ANY DIRECTOR, MEMBER, OFFICER, AGENT, ATTORNEY OR EMPLOYEE AS SUCH, PAST, PRESENT OR FUTURE, OF THE ISSUER OR OF ANY SUCCESSOR ENTITY, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR ENTITY, UNDER OR BY REASON OF ANY OF THE OBLIGATIONS, PROMISES OR AGREEMENTS ENTERED INTO IN THE BONDS OR BETWEEN THE ISSUER AND THE TRUSTEE, WHETHER HEREIN CONTAINED OR TO BE IMPLIED HEREFROM AS BEING SUPPLEMENTAL HERETO; AND ALL PERSONAL LIABILITY OF THAT CHARACTER AGAINST EVERY SUCH TRUSTEE, MEMBER, OFFICER, AGENT, ATTORNEY AND EMPLOYEE IS, BY THE EXECUTION OF THE INDENTURE AND AS A CONDITION OF, AND AS PART OF THE CONSIDERATION FOR, THE EXECUTION OF THE INDENTURE, EXPRESSLY WAIVED AND RELEASED.

Reference is made to the Trust Indenture, the Note, and the Loan Agreement and to all amendments and supplements thereto for a description of the property pledged and assigned and the provisions, among others, with respect to the nature and extent of the security, the rights, duties and other obligations of the Issuer and the Trustee, the terms on which the Bonds are issued and secured, the rights of the Holders of the Bonds and provisions for defeasance of such rights. The terms and conditions set forth herein concerning payment and other rights and remedies of the Owners of the Bonds are descriptive only and are subject in all cases to the terms and conditions as set forth in the Trust Indenture.

The Bonds are issuable in the form of registered Bonds without coupons in Authorized Denominations (as defined in the Trust Indenture).

This Bond is negotiable and is transferable, as provided in, and subject to the restrictions set forth in, the Trust Indenture, only upon the books of the Issuer kept at the office of the

Trustee, by the registered owner hereof in person or by his duly authorized attorney, and may be exchanged for new Bonds of the same aggregate principal amount of Authorized Denominations, maturity and interest rate, in registered form, but only upon presentation and surrender of this Bond, all in the manner and subject to the limitations and conditions provided in the Trust Indenture. The Issuer and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute Owner hereof for all purposes; and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

The Bonds are subject to mandatory tender in whole on each Mandatory Tender Date. Holders will not have the right to elect to retain their Bonds. Upon presentation and surrender of the Bonds by the Holder on the date fixed for tender, the Holder shall be paid the principal amount of the Bonds to be tendered, plus accrued interest on such Bonds to the Mandatory Tender Date.

The Holder of this Bond shall have no right to enforce the provisions of the Trust Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Trust Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Indenture. The Trustee shall treat the registered Owner of this Bond as the person exclusively entitled to payment of principal and interest, and the exercise of all rights and powers of the owner of this Bond.

All acts, conditions and things required by the statutes of the State, the Act and the Trust Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed.

In any case where the date of maturity of or Interest Payment Date for this Bond shall not be a Business Day, the payment of interest or principal need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or Interest Payment Date, as applicable.

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

Notwithstanding any provisions of the Indenture or the Bonds to the contrary, the Issuer shall be permitted to direct that payments representing prepayments or repayments of principal on the Note be delivered to a custodian or trustee selected by the Issuer, in lieu of application to repay a like portion of the Bonds, so long as the Issuer simultaneously causes other funds to be applied to repay such portion of the Bonds. 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.

[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of an Authorized Issuer Representative, all as of the Dated Date identified above.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, as Issuer

By: _____
[_____]

FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the Trust Indenture referred to in this Bond.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Signatory

Date of Authentication: _____

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

_____

(Please Print or Type Name and Address of Assignee)

Social Security or Taxpayer Identification Number: _____
the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____

Attorney to transfer the said bond on the books of the within-named Issuer maintained by the Trustee for the registration thereof, with full power of substitution in the premises.

_____

Notice: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever. The signature must be guaranteed.

Signature guaranteed by:

_____

Eligible Guarantor

_____

Authorized Signature

APPENDIX B

FORM OF REQUISITION

Statement No. _____ requesting disbursement of funds from Project Fund pursuant to Section 3.03 of the Loan Agreement.

Pursuant to Section 3.03 of the Loan Agreement dated as of [_____] 1, 2026 (the "Loan Agreement") between the Housing Authority of the City of San Diego (the "Issuer") and Hillcrest Hall LP, a California limited partnership (the "Borrower"), the undersigned Authorized Borrower Representative hereby requests and authorizes U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (the "Trustee"), as depositary of the Project Fund created by the Trust Indenture dated as of [_____] 1, 2026 (the "Indenture"), between the Issuer and the Trustee, to pay to [[Citibank, N.A., as Mortgage Lender] *OR* [the person(s) listed on the Disbursement Schedule attached hereto]] out of the money deposited in the Project Fund the aggregate sum of $[_____] to pay the costs of the items listed in the Disbursement Schedule attached hereto. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Indenture, the Tax Certificate, and the Tax Regulatory Agreement, as applicable.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(a) Each item for which disbursement is requested hereunder is properly payable out of the Project Fund in accordance with the terms and conditions of the Loan Agreement and none of those items has formed the basis for any disbursement heretofore made from said Project Fund.

(b) Each such item is or was incurred in connection with the acquisition, construction, installation, equipment or improvement of the Project.

(c) The Borrower has received, or will concurrently with payment receive and deliver to the Trustee, appropriate waivers of any mechanics' or other liens with respect to each item for which disbursement is requested hereunder.

(d) After taking into account the proposed disbursement and any future disbursements,

(i) no more than 5% of the Net Proceeds of the Bonds will have been used for costs that are not Qualified Project Costs;

(ii) less than 25% of the Net Proceeds of the Bonds will have been used for the cost of acquiring land; and

(iii) not more than 2% of the Net Proceeds of the Bonds will have been used for Costs of Issuance.

(e) There is no current or existing default or event of default pursuant to the terms of the Loan Agreement, the Tax Regulatory Agreement or the Tax Certificate and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

(f) There are no liens on the Project except Permitted Encumbrances and those permitted or provided for by the Loan Agreement.

(g) This statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warranty, protection and authority to the Trustee for its actions taken pursuant hereto.

(h) The Borrower will provide a copy of each payee's Form W-9 or Form W-8, as applicable (unless previously provided). The Borrower further acknowledges the Trustee cannot process such disbursement request until the Trustee is in receipt of a valid Form W-9 or Form W-8, as applicable, in accordance with Internal Revenue Service regulations and the Foreign Account Tax Compliance Act.

(i) With respect to this requested disbursement, the Borrower (i) certifies that it has reviewed any wire instructions set forth in this written disbursement direction to confirm such wire instructions are accurate, (ii) agrees to indemnify and hold harmless the Trustee from and against any and all claim, demand, loss, liability, or expense sustained, including but not limited to attorney fees and expenses resulting directly or indirectly as a result of making the disbursement requested, and (iii) agrees they will not seek recourse from the Trustee as a result of losses incurred by it for making the disbursement in accordance with the disbursement direction.

[Remainder of Page Intentionally Left Blank]

This statement constitutes the approval of the Borrower of each disbursement hereby requested and authorized.

This ____ day of _____, 20__.

HILLCREST HALL LP,
a California limited partnership

By: HILLCREST HALL AGP LLC, a California limited liability company,
its Administrative General Partner

By: CRP Affordable Housing and Community Development LLC,
a Delaware limited liability company, its Sole Member

By: _____
Joel Hammer, Chief Financial Officer

By: E. SMITH HILLCREST HALL LLC, a California limited liability company,
its Co-Administrative General Partner

By: E. Smith & Company, Inc., a California corporation,
its Sole Member and Manager

By: _____
Reese Jarrett, CEO

By: BOLD HILLCREST LLC, a California limited liability company,
its Managing General Partner

By: Bold Communities, a California nonprofit public benefit corporation, its Sole Member

By: _____
Michael Miller, President

Approved:

CITIBANK, N.A., as Mortgage Lender

By _____
Name:
Title:

DISBURSEMENT SCHEDULE

To Statement No. _____ requesting and authorizing disbursement of funds from Project Fund pursuant to Section 3.03 of the Loan Agreement.

Payee	Amount	Payment Instructions (Wire, ACH, or Check)

APPENDIX C

FORM OF FUNDING LOAN AGREEMENT

(Attached.)

APPENDIX D

FORM OF BORROWER LOAN AGREEMENT

(Attached.)