



ALAMEDA COUNTY COMMUNITY DEVELOPMENT AGENCY

Chris Bazar
Agency Director

Agenda Item _____ May 7, 2019

April 23, 2019

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Honorable Board of Supervisors
Administration Building
Oakland, California 94612

Dear Board Members:

SUBJECT: ADOPT A RESOLUTION FOR APPROVAL TO ISSUE MULTI-FAMILY HOUSING REVENUE BONDS FOR THE 3268 SAN PABLO APARTMENTS PROJECT IN OAKLAND

RECOMMENDATIONS:

- A. Adopt a Resolution approving the issuance and sale of Multifamily Housing Revenue Bonds and associated documents for the 3268 San Pablo Apartments affordable housing project, located at 3268 San Pablo Avenue, in the City of Oakland, in an aggregate principal amount not to exceed \$24,000,000; and
- B. Authorize the Director of the Community Development Agency (CDA), the Director of CDA's Housing and Community Development Department (Housing Director) and the President of the Board of Supervisors, or a designee thereof, to execute required documents associated with the bond issuance upon consultation with County Counsel and Bond Counsel.

DISCUSSION/SUMMARY:

On October 9, 2018 (Item No. 15), your Board held a public hearing approving a bond application to the State and an Inducement Resolution declaring its official intent to issue Multifamily Housing Revenue Bonds (MFRBs) related to the development of and bond issuance for the 3268 San Pablo Apartments project. Issuing MFRBs is one of the tools available to Alameda County to assist in increasing the stock of affordable housing. State and local agencies can issue tax-exempt MFRBs to assist developers of multi-family rental housing units to acquire land and construct new housing, or to purchase and rehabilitate existing units. The use of tax-exempt bonds helps lower the interest rate paid by developers, which increases the affordability of the rental units, in exchange for the agreement to restrict the rent levels for lower-income households. In addition, the bond-financed projects also qualify for Federal Low-Income Housing Tax Credits, which provide additional equity to fund the construction or rehabilitation of the housing.

3268 San Pablo Apartments is a 51-unit rental affordable housing development in Oakland, located in North Oakland along the San Pablo Avenue corridor. The project will serve senior households with incomes at or below 30% and 60% of Area Median Income (AMI). The developer, Satellite and Affordable Housing Associates (SAHA) is also applying for 25 Section 8 Project-Based Vouchers (PBVs) and plans to reserve 10 of

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those units at the 20% AMI level. Thirteen units are reserved for senior veteran households. Construction will begin in April 2019 and is anticipated to be completed by July 2020. Project amenities include an on-site property management office, laundry room, a multipurpose community space, fitness room, and central outdoor courtyard. There will be an on-site resident property manager as well as services coordination on site.

These bonds are essentially real estate loans against the property and are secured by deeds of trust. The proceeds of the bond become a standard real estate loan to the borrower; repayment of the bonds is secured by the building using a Deed of Trust, Promissory Note and a Regulatory Agreement which guarantees the affordability of the rental units. The contract is structured so that, if the borrower defaults on the loan, the County is not obligated to advance any monies. The bondholder will have no recourse against the County and no expectation of receiving any funding from the County.

The Resolution before your Board is the final step in the process. It approves the issuance of the bonds and authorizes the execution of the following associated bond documents: the Regulatory Agreement and Declaration of Restrictive Covenants, the Bond Issuance and Pledge Agreement, and the Loan Agreement. The Resolution approves the documents in form and authorizes the President of the Board or his authorized designee, the Community Development Agency Director (or designee), in consultation with Bond Counsel and County Counsel, to approve and execute the final documents.

FINANCING:

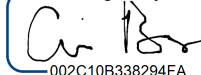
No County General Funds will be used. All costs incurred by the County will be the responsibility of the developer and will be paid for out of bond proceeds. There is no Net County Cost as a result of this action.

VISION 2026 GOAL:

The issuance of multi-family housing revenue bonds for the 3268 San Pablo affordable housing project meets the 10X goal pathway of **Eliminate Homelessness** in support of our shared vision of **Safe and Livable Communities**.

Very truly yours,

DocuSigned by:



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Chris Bazar, Director

Community Development Agency

cc: Susan S. Muranishi, County Administrator
Donna R. Ziegler, County Counsel
Melissa Wilk, Auditor-Controller
Jennifer Schulz, County Administrator's Office

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Heather M. Littlejohn, Office of the County Counsel
Sandra Rivera, Community Development Agency

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RESOLUTION NO. R-2019-178

A RESOLUTION OF THE COUNTY OF ALAMEDA AUTHORIZING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$24,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT TO BE GENERALLY KNOWN AS 3268 SAN PABLO APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE BONDS.

WHEREAS, the County of Alameda, California (the "County") is authorized to issue revenue bonds and execute and deliver revenue notes for the purpose of financing, among other things, the acquisition, construction, rehabilitation and development of multifamily rental housing projects in accordance with Section 52075 and following of the California Health and Safety Code (the "Act");

WHEREAS, 3268 San Pablo, L.P., a California limited partnership, and entities related thereto (collectively, the "Borrower"), has requested that the County issue its Multifamily Housing Revenue Bonds (3268 San Pablo Apartments) 2019 Series B (the "Bonds") to assist in the financing of the acquisition, construction and development of a 51-unit multifamily housing rental development located at 3268 San Pablo Ave., in the City of Oakland, California, to be known as "3268 San Pablo Apartments" (the "Project");

WHEREAS, on January 16, 2019, the County received an allocation in the amount of \$21,192,500 (twenty-one million one hundred ninety-two thousand five hundred dollars) (the "Allocation Amount") from the California Debt Limit Allocation Committee in connection with the Project;

WHEREAS, the County has by resolution approved the issuance of the Bonds, following notice and a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986, as amended; and;

WHEREAS, the County is willing to issue the Bonds in an aggregate principal amount not to exceed \$24,000,000 (twenty-four million dollars), provided that the portion of such Bonds issued as federally tax-exempt obligations shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons;

WHEREAS, the Bonds will be privately placed with Silicon Valley Bank (the "Bank") as the initial holder of the Bonds;

WHEREAS, there have been prepared and made available to the members of the Board of Supervisors (the "Board of Supervisors") the following documents required for the

issuance of the Bonds, and such documents are now in substantial form and appropriate instruments to be executed and delivered for the purposes intended:

- (1) Master Agency Agreement (the "Agency Agreement") to be entered into between the Bank, as agent (the "Agent") and the County;
- (2) Master Pledge and Assignment (the "Pledge and Assignment") to be entered into among the County, the Agent and the Bank, as holder; and
- (3) Regulatory Agreement and Declaration of Restrictive Covenants related to the Project (the "Regulatory Agreement") to be entered into between the County and the Borrower;

WHEREAS, pursuant to Section 5852.1 of the California Government Code, the County, as a conduit financing provider, has received certain representations and good faith estimates from the Borrower and has disclosed such good faith estimates as set forth on Exhibit A attached hereto;

NOW, THEREFORE, BE IT RESOLVED by the members of the Board of Supervisors, as follows:

Section 1. The recitals set forth above are true and correct, and the Board of Supervisors hereby finds them to be so.

Section 2. Pursuant to the Act and the Pledge and Assignment, the County is hereby authorized to issue the Bonds in one or more series. The Bonds shall be designated as, "County of Alameda Multifamily Housing Revenue Bonds (3268 San Pablo Apartments) 2019 Series B," including, if and to the extent necessary, one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$24,000,000 (twenty-four million dollars); provided that the aggregate principal amount of any tax-exempt Bonds issued shall not exceed the Allocation Amount. The Bonds shall be issued in the form set forth in and otherwise in accordance with the Pledge and Assignment, and shall be executed on behalf of the County by the manual or facsimile signature of any Authorized Signatory (as defined in Section 3 below) and such signature shall be attested to by manual or facsimile signature of the Clerk of the Board of Supervisors or any deputy thereof. The Bonds shall be secured in accordance with the terms of the Pledge and Assignment presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Bonds shall be made solely from amounts pledged thereto under the Pledge and Assignment, and the Bonds shall not be deemed to constitute a debt or liability of the County.

Section 3. The Pledge and Assignment in the form presented at this meeting is hereby approved. The President of the Board of Supervisors of the County, the Director of the Community Development Agency, the Housing Director of the County or any authorized designee thereof (each an "Authorized Signatory"), acting alone, is authorized to execute by manual signature and deliver the Pledge and Assignment, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the County, such approval to be conclusively evidenced by the delivery thereof. The

date, maturity date or dates (which shall not be more than 45 years from the date of execution and delivery), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Pledge and Assignment as finally executed.

Section 4. The Agency Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Agency Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the County, such approval to be conclusively evidenced by the delivery thereof.

Section 5. The Regulatory Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Regulatory Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the County, such approval to be conclusively evidenced by the delivery thereof.

Section 6. The Authority is hereby authorized to sell the Bonds to the Bank pursuant to the terms and conditions of the Pledge and Assignment.

Section 7. The Bonds, when executed, shall be delivered to the Agent for registration. The Agent is hereby requested and directed to register the Bonds by executing the certificate of registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchasers thereof in accordance with written instructions executed on behalf of the County by an Authorized Officer, which instructions the Authorized Officers are hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver to the Agent. Such instructions shall provide for the delivery of the Bonds to the purchaser thereof upon payment of the purchase price thereof.

Section 8. All actions heretofore taken by the officers and agents of the County with respect to the financing of the Project and the sale and issuance of the Bonds are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the County, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, loan related documents, an assignment of deed of trust, any endorsement, allonge or assignment of any note and such other documents as described in the Pledge and Assignment and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the County and otherwise in order to carry out the financing of the Project.

Section 9. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Bonds, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, any

transfer or other disposition of the Project, any addition or substitution of security for the Bonds or any redemption of the Bonds, may be given or taken by any Authorized Signatory, as appropriate, without further authorization by the Board of Supervisors, and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the County other than as provided in the Pledge and Assignment and other documents approved herein.

Section 10. This Resolution shall take effect upon its adoption.

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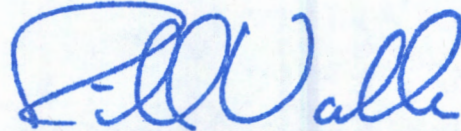
PASSED AND ADOPTED this 7th day of May, 2019, with the following vote:

AYES: Supervisors Carson, Chan, Haggerty, Miley & Valle

NAYS: None

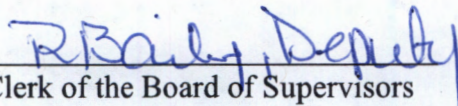
ABSTAIN: None

ABSENT: None



President of the Board of Supervisors

ATTEST:


Clerk of the Board of Supervisors

Approved as to Form
Donna Ziegler, County Counsel

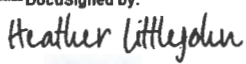
DocuSigned by:
By 
4F76CF9588884731
Heather M. Littlejohn,
Deputy County Counsel

EXHIBIT A

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the "Borrower") identified below has provided the following required information to COUNTY OF ALAMEDA (the "County") as conduit financing provider, prior to a regular meeting (the "Meeting") of the Board of Supervisors of the County (the "Board") at which Meeting the Board will consider the authorization of conduit revenue obligations (the "Obligations") as identified below.

1. Name of Borrower: 3268 San Pablo, L.P.
2. County Meeting Date: May 7, 2019.
3. Name of Obligations: County of Alameda Multifamily Housing Revenue Bonds (3268 San Pablo Apartments) 2019 Series B.
4. X Private Placement Lender or Bond Purchaser, __ Underwriter or __ Financial Advisor (mark one) engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations as follows:
 - (A) The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Obligations (to the nearest ten-thousandth of one percent): 4.53%.
 - (B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$496,827.
 - (C) The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: \$20,692,500.
 - (D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the Obligations (which total payment amount shall

be calculated to the final maturity of the Obligations): \$6,867,187.

5. The good faith estimates provided above were presented to the governing board of the Borrower, or presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations (mark one).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to a variety of factors. The actual interest rates borne by the Obligations and the actual amortization of the Obligations will depend on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Borrower.

The County is authorized to make this document available to the public at the Meeting of the Board.

Dated: 4/22/19

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (as supplemented and amended from time to time, this “Regulatory Agreement”) is made and entered into as of [Dated Date], by and between the COUNTY OF ALAMEDA, a political subdivision of the State of California (together with any successor to its rights, duties and obligations, the “Issuer”), and 3268 San Pablo, L.P., a California limited partnership (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the “Owner”).

W I T N E S S E T H:

WHEREAS, pursuant to Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the “Act”), the Issuer proposes to issue its Multifamily Housing Revenue Bonds (3268 San Pablo Apartments) 2019 Series B (the “Bonds”), secured under a Master Pledge and Assignment, dated as of [Dated Date] (the “Pledge and Assignment”), among the Issuer, Silicon Valley Bank, as agent (the “Agent”) and Silicon Valley Bank, a California state-chartered bank, as holder of the Bonds;

WHEREAS, the proceeds of the Bonds will be used to fund a loan (the “Loan”) to the Owner pursuant to that certain Loan Agreement (Construction Loan Converting to Term Loan) of even date herewith (as supplemented and amended from time to time, the “Loan Agreement”), between the Agent, on behalf of the Issuer and the Owner, in order to enable the Owner to finance the acquisition, construction and development of a 51-unit multifamily rental housing project for seniors known as 3268 San Pablo Apartments, located on the real property site described in Exhibit A hereto (the “Project”);

WHEREAS, in order to assure the Issuer and the owners of the Bonds that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), and to satisfy the public purposes for which the Bonds are authorized to be issued under the Act, and to satisfy the purposes of the Issuer in determining to issue the Bonds, certain limits on the occupancy of units in the Project need to be established and certain other requirements need to be met;

NOW, THEREFORE, in consideration of the issuance of the Bonds by the Issuer and the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer and the Owner hereby agree as follows:

Section 1. Definitions and Interpretation. Unless the context otherwise requires, the capitalized terms used herein shall have the respective meanings assigned to them in the recitals hereto, in this Section 1 or in Section 1.1 of the Pledge and Assignment.

“Administrator” means the Issuer or any administrator or program monitor appointed by the Issuer to administer this Regulatory Agreement, and any successor so appointed.

“Area” means the Oakland-Fremont-Hayward, California Primary Metropolitan Statistical Area.

“Available Units” means residential units in the Project that are actually occupied and residential units in the Project that are vacant and have been occupied at least once after becoming available for occupancy, provided that (a) a residential unit that is vacant on the later of (i) the date the Project is acquired or (ii) the issue date of the Bonds is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after the renovations are completed.

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

“CDLAC Conditions” has the meaning given such term in Section 28(a).

“CDLAC Resolution” means CDLAC Resolution No. 19-011 attached hereto as Exhibit E, adopted on January 16, 2019 and relating to the Project, as such resolution may be modified or amended from time to time.

“Certificate of Continuing Program Compliance” means the Certificate to be filed by the Owner with the Issuer and the Administrator (if other than the Issuer) pursuant to Section 4(e) hereof, which shall be substantially in the form attached as Exhibit C hereto or in such other comparable form as may be provided by the Issuer to the Owner.

“Closing Date” means the date of the issuance and delivery of the Bonds, which is expected to be [Closing Date].

“Collateral” has the meaning assigned to that term in the Pledge and Assignment.

“Conversion Date” has the meaning assigned to that term in the Loan Agreement.

“County” means the County of Alameda, California.

“Deed of Trust” means “Deed of Trust” as such term is defined in the Pledge and Assignment, or any deed of trust (or similar security instrument) containing a power of sale clause reflecting a valid, perfected first priority lien on the fee interest in the Project delivered by the Owner to secure the Owner’s obligations to a third-party lender.

“Gross Income” means the gross income of a person (together with the gross income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed under Section 8 of the United States Housing Act of 1937 (or, if such program is terminated, under such program as in effect immediately before such termination).

“Housing Act” means the United States Housing Act of 1937, as amended, or its successor.

“Income Certification” means a Verification of Income and an Occupancy Certificate in the form attached as Exhibit B hereto or in such other comparable form as may be provided by the Issuer to the Owner.

“Investor Limited Partner” means BWC Opportunity Fund Inc., a Delaware corporation, its successors and assigns.

“Issuer Annual Fee” means the greater of (i) 0.125% of the then currently outstanding principal amount of the Bonds or (ii) \$7,500.

“Issuer Issuance Fee” means an amount equal to \$[Issuance Fee] which shall be paid on or before the Closing Date.

“Loan Agreement” has the meaning assigned to that term in the recitals hereto.

“Loan Documents” has the meaning given to such term in the Pledge and Assignment.

“Low Income Tenant” means a tenant occupying a Low Income Unit.

“Low Income Unit” means any Available Unit if the aggregate Gross Income of all tenants therein does not exceed limits determined in a manner consistent with determinations of “low-income families” under Section 8 of the Housing Act, provided that the percentage of median gross income that qualifies as low income hereunder shall be sixty percent (60%) of median gross income for the Area, with adjustments for family size. A unit occupied by one or more students shall only constitute a Low Income Unit if such students meet the requirements of Section 142(d)(2)(C) of the Code. The determination of an Available Unit’s status as a Low Income Unit shall be made by the Owner upon commencement of each lease term with respect to such unit, and annually thereafter, on the basis of an Income Certification executed by each tenant.

“Manager” means a property manager meeting the requirements of Section 27 hereof. Satellite Affordable Housing Associates Property Management is hereby approved as the initial Manager.

“Project” means the 51-unit multifamily rental housing development (including one manager’s unit) located on the real property site described in Exhibit A hereto, consisting of those facilities, including real property, structures, buildings, fixtures or equipment situated thereon, as it may at any time exist, the acquisition, construction and development of which facilities is to be financed, in whole or in part, from the proceeds of the sale of the Bonds or the proceeds of any payment by the Owner pursuant to the Loan Agreement, and any real property, structures,

buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of the facilities described in the Loan Agreement.

“Qualified Project Period” means the period beginning on the first day on which at least 10% of the units in the Project are first occupied and ending on the later of the following:

- (A) the date that is fifteen (15) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied;
- (B) the first date on which no Tax-Exempt private activity bonds with respect to the Project are Outstanding;
- (C) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates; or
- (D) such other date as required by Section 28(c) of this Regulatory Agreement.

“Regulations” means the Income Tax Regulations of the Department of the Treasury applicable under the Code from time to time.

“Regulatory Agreement” means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be supplemented and amended from time to time.

“Rental Payments” means the rental payments paid by the occupant of a unit, excluding any supplemental rental assistance to the occupant from the State, the federal government, or any other public agency, but including any mandatory fees or charges imposed on the occupant by the Owner as a condition of occupancy of the unit.

“Tax Certificate” means the Tax Certificate and Agreement dated the Closing Date, executed and delivered by the Issuer and the Owner, as amended or supplemented from time to time.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from gross income for federal income tax purposes; 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.

“Transfer” means the conveyance, assignment, sale or other disposition (but not the execution and delivery of a mortgage, deed of trust or similar security instrument) of all or any portion of the Project; and shall also include, without limitation to the foregoing, the following: (1) an installment sales agreement wherein Owner agrees to sell the Project or any part thereof for a price to be paid in installments; and (2) an agreement by the Owner leasing all or a substantial part of the Project to one or more persons or entities pursuant to a single or related transactions.

“Verification of Income” means a Verification of Income in the form attached as Exhibit B hereto or in such other comparable form as may be provided by the Issuer to the Owner,

or as otherwise approved by the Issuer. Issuer approves the use of the verification of income form required by the California Tax Credit Allocation Committee.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of any 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 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.

The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting and revision of this Regulatory Agreement. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto.

Section 2. Representations, Covenants and Warranties of the Owner.

(a) The Owner hereby incorporates herein, as if set forth in full herein, each of the representations, covenants and warranties of the Owner contained in the Tax Certificate and the Loan Agreement relating to the Project.

(b) The Owner hereby represents and warrants that the Project is located entirely within the County of Alameda, California.

(c) The Owner acknowledges, represents and warrants that it understands the nature and structure of the transactions contemplated by this Regulatory Agreement; that it is familiar with the provisions of all of the documents and instruments relating to the Bonds to which it is a party or of which it is a beneficiary; that it understands the financial and legal risks inherent in such transactions; and that it has not relied on the Issuer 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 in order to provide funds to assist the Owner in financing the acquisition, construction and development of the Project.

Section 3. Qualified Residential Rental Project. The Owner hereby acknowledges and agrees that the Project is to be owned, managed and operated in the same manner as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Owner hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be constructed, operated and developed for the purpose of providing multifamily residential rental property. The Owner will 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 Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and the provisions of 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 (except for not more than one unit set aside for a resident manager or other administrative use) will be similarly constructed units, and 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.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or rented for a period of less than thirty (30) consecutive days, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park; provided that the use of certain units for tenant guests on an intermittent basis shall not be considered transient use for purposes of this Regulatory Agreement.

(d) No part of the Project will at any time during the Qualified Project Period be owned by a cooperative housing corporation, nor shall the Owner take any steps in connection with a conversion to such ownership or use, and the Owner will not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period (except that the Owner may obtain final map approval and the Final Subdivision Public Report from the California Department of Real Estate and may file a condominium plan with the applicable jurisdiction).

(e) All of the Available Units in the Project (except for not more than one unit set aside for resident manager or other administrative use) will be available for rental during the period beginning on the date all certificate(s) of occupancy (or alternative documentation that the Available Units are ready for occupancy) are issued for the Project and ending on the termination of the Qualified Project Period on a continuous, "first-come, first-served" basis to members of the general public; which for purposes of this Regulatory Agreement means the general senior population and the Owner will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented in such a manner that they constitute Low Income Units or to the extent necessary to comply with the requirements of any other public agency providing financing for the construction of the Project.

(f) The Project consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the facilities of the Project comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Owner; provided, however, that if the Project contains five or more dwelling units, this provision shall not be

construed to prohibit occupancy of not more than one dwelling unit by a resident manager or maintenance personnel any of whom may be the Owner.

(h) The Owner shall deliver to the Administrator and the Agent, (i) within 30 days after the date on which 10% of the dwelling units in the Project are occupied, a written notice specifying such date, and (ii) within 30 days after the date on which 50% of the dwelling units in the Project are occupied, a written notice specifying such date.

Section 4. Low Income Tenants; Reporting Requirements. Pursuant to the requirements of the Code, the Owner hereby represents, warrants and covenants as follows:

(a) During the Qualified Project Period, no less than 40% of the total number of completed units in the Project shall at all times be Low Income Units. For the purposes of this paragraph (a), a vacant unit that was most recently a Low Income Unit is treated as a Low Income Unit until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined.

(b) No tenant qualifying as a Low Income Tenant upon initial occupancy shall be denied continued occupancy of a unit in the Project because, after admission, the aggregate Gross Income of all tenants in the unit occupied by such Low Income Tenant increases to exceed the qualifying limit for a Low Income Unit. However, should the aggregate Gross Income of tenants in a Low Income Unit, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for a Low Income Unit occupied by the same number of tenants, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) Low Income Tenant(s). The unit occupied by such tenants whose aggregate Gross Income exceeds such applicable income limit shall continue to be treated as a Low Income Unit for purposes of the 40% requirement of Section 4(a) hereof unless and until an Available Unit of comparable or smaller size is rented to persons other than Low Income Tenants.

(c) For the Qualified Project Period, the Owner will obtain, complete and maintain on file Income Certifications for each Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant in the Low Income Unit, and (ii) thereafter, an annual Income Certification with respect to each Low Income Tenant, within thirty days before or after the anniversary of such tenant's initial occupancy of a unit in the Project. The Owner will provide such additional information as may be required in the future by the State of California, the Issuer and the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. A copy of the most recent Income Certifications for Low Income Tenants commencing or continuing occupation of a Low Income Unit shall be attached to each report to be filed with the Issuer pursuant to paragraph (e) of this Section 4. The Owner shall make a good faith effort to verify that the income information provided by an applicant in a Verification of Income is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain two pay stubs for the most recent pay period, (2) obtain an income tax return for the most recent tax year, (3) obtain a credit report or conduct a similar type credit search,

(4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification reasonably acceptable to the Issuer.

(d) The Owner will maintain complete and accurate records pertaining to the Low Income Units, and will permit any duly authorized representative of the Issuer, Administrator, the Agent, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Owner pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units with reasonable notice and during normal business hours.

(e) The Owner will prepare and submit to the Issuer and the Administrator (with a copy to the Agent), no later than the fifteenth day of each January, March, June and September, until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Owner stating (i) the percentage of the dwelling units of the Project that were occupied or deemed occupied pursuant to subsection (a) hereof, by Low Income Tenants during the preceding calendar month; and (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement, the Loan Agreement or the Deed of Trust, or (B) a default has occurred, in which event the certificate shall describe the nature of the default in detail and set forth the measures being taken by the Owner to remedy such default. During the Qualified Project Period, the Owner shall submit a completed Internal Revenue Code Form 8703 or such other annual certification as required by the Code with respect to the Project, to the Secretary of the Treasury on or before March 31 of each year (or such other date as may be required by the Code).

(f) For the Qualified Project Period, all tenant leases or rental agreements shall be subordinate to this Regulatory Agreement and the Deed of Trust. All leases pertaining to Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit: (i) certifies the accuracy of the statements made in the Verification of Income; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Owner, the Agent, the Issuer or the Administrator on behalf of the Issuer, and that the failure to provide accurate information in the Verification of Income or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant; (iii) acknowledges that the Owner has relied on the Verification of Income and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of a Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification in accordance with Section 4(c) hereof and that if upon any such certification the aggregate Gross Income of tenants in such unit exceeds the applicable income limit under Section 4(b), the unit occupied by such tenant may cease to qualify as a Low Income Unit, and such unit's rent may be subject to increase.

For purposes of this Section 4, no unit occupied by a residential Manager shall be treated as a rental unit during the time of such occupation.

Section 5. Tax-Exempt Status of Bonds. The Owner and the Issuer, as applicable, each hereby represents, warrants and agrees as follows:

(a) The Owner and the Issuer 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 Tax-Exempt nature of the interest on the Bonds and, if either of them 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) The Owner and the Issuer will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer (with a copy to the Agent and the Owner), in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of Alameda.

Section 6. Additional Requirements of the Act. In addition to the requirements set forth above, the Owner hereby agrees that it shall comply with each of the requirements of Section 52080 of the Act, including, but not limited to, the following:

(a) Not less than forty percent (40%) of the total number of units in the Project shall be Low Income Units. The units made available to meet this requirement shall be of comparable quality and offer a range of sizes and numbers of bedrooms comparable to the units that are available to other tenants in the Project.

(b) The Rental Payments for the Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed 30% of an amount equal to 60% of the median adjusted gross income for the Area.

(c) The Owner shall accept as tenants, on the same basis as all other prospective tenants, low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act. The Owner shall not permit any selection criteria to be applied to Section 8 certificate or voucher holder that is more burdensome than the criteria applied to all other prospective tenants.

(d) The units reserved for occupancy as required by subsection (a) of this Section 6 shall remain available on a priority basis for occupancy at all times during the Qualified Project Period.

(e) During the three (3) years prior to the expiration of the Qualified Project Period, the Owner shall continue to make available to eligible households Low Income Units that have been vacated to the same extent that nonreserved units are made available to noneligible households.

(f) Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and redemption of the Bonds, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as

required by subsection (a) of this Section shall remain available to any eligible tenant occupying a reserved unit at the date of such expiration or termination, at the rent determined by subsection (b) of this Section, until the earliest of (1) the household's income exceeds 140% of the maximum eligible income specified above, (2) the household voluntarily moves or is evicted for good cause, as defined in the Act, (3) 30 years after the date of the commencement of the Qualified Project Period, or (4) the Owner pays the relocation assistance and benefits to households as provided in Section 7264(b) of the California Government Code.

(g) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Owner.

(h) This Regulatory Agreement shall be recorded in the office of the county recorder of the County of Alameda and shall be recorded in the grantor-grantee index to the names of the Owner as grantor and to the name of the Issuer as grantee.

Section 7. Additional Requirements of the Issuer. In addition to the requirements set forth above and to the extent not prohibited thereby, the Owner hereby agrees to comply with each of the requirements of the Issuer set forth in this Section 7, as follows:

(a) For the duration of the Qualified Project Period, notwithstanding any retirement of the Bonds or termination of the Loan Agreement, the Owner will pay to the Issuer all of the amounts required to be paid by the Owner to the Issuer, in its capacity as Issuer by Section 19 of this Regulatory Agreement, and will indemnify the Issuer as provided in Section 9 hereof.

(b) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner and shall be maintained as required by the Issuer, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Issuer.

(c) The Owner shall submit to the Issuer (with a copy to the Agent), (i) not later than the fifteenth (15th) day of July of each year, a statistical report to the Issuer in the form set forth as Exhibit D hereto, or such other comparable form as may be prescribed by the Issuer, setting forth the information called for therein with respect to the preceding year ending June 30, and (ii) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by the Issuer in order to comply with reporting requirements of the Internal Revenue Service or the State.

(d) The Owner acknowledges that the Issuer may appoint an Administrator other than the Issuer to administer this Regulatory Agreement and to monitor performance by the Owner of the terms, provisions and requirements hereof. In such event, the Owner shall comply with any reasonable request made by the Administrator or the Issuer to deliver to any such Administrator, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Administrator as an agent of the Issuer. The fees and expenses of the Administrator shall be paid by the Issuer.

(e) For purposes of Section 6(b) hereof, the base rents shall be adjusted for household size, to the extent permitted by law.

(f) The Owner shall not discriminate against tenant applicants on the basis of source of income (i.e., TANF or SSI), and the Owner shall consider a prospective tenant's previous rent history of at least one year as evidence of such tenant's ability to pay the applicable rent for the unit to be occupied (ability to pay shall be demonstrated if the tenant can show that the tenant has paid on time the same percentage or more of the tenant's income for rent as the tenant would be required to pay for the rent applicable to the unit to be occupied); provided that such tenant paid the same percentage or more of such tenant's income for rent as he or she will be paying under the proposed lease. The Owner may consider such factors as it deems important when reviewing and approving a tenant's application for occupancy and an existing tenant's continued occupancy.

(g) Each of the requirements of Sections 3, 4 and 6 hereof is hereby incorporated as a specific requirement of the Issuer, whether or not required by state or federal law, and shall be in force for the Qualified Project Period.

Any of the foregoing requirements of the Issuer contained in this Section 7 may be expressly waived by the Issuer, in its sole discretion, in writing, but (i) no waiver by the Issuer of any requirement of this Section 7 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Issuer has received an opinion of Bond Counsel (with a copy provided to the Agent) that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the Issuer and the Owner receive a written opinion of Bond Counsel (with a copy provided to the Agent) 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 cause a violation of the Act or any other state or federal law.

Section 8. Modification of Covenants. The Owner and the Issuer hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer and the Owner (with a copy provided to the Agent and the Owner), retroactively impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement, and if such requirements are applicable to the Project and compliance therewith is necessary to maintain the validity of, or the Tax-Exempt status of interest on, the Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent that the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer and the Owner (with a copy to the Agent), impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment

signed by the Issuer, at its sole discretion, and the Owner, with the consent of the Agent, and only upon receipt by the Issuer of the written opinion of Bond Counsel to the effect that such amendment will not affect the Tax-Exempt status of interest on the Bonds or violate the requirements of the Act, and otherwise in accordance with Section 22 hereof.

(c) The Owner and the Issuer shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary to effectuate the intent of this Section 8, and each of the Owner and the Issuer hereby appoints the Agent, pursuant to the Agency Agreement, as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Owner or the Issuer, as is applicable, any such document or instrument (in such form as may be approved by Bond Counsel) if either the Owner or the Issuer defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Issuer or the Owner, the Agent shall take no action under this subsection (c) without first notifying the Owner, the Investor Limited Partner or the Issuer, or each of them, as is applicable, and without first providing the Owner or the Issuer, or both, as is applicable, an opportunity to comply with the requirements of this Section 8. Nothing in this subsection (c) shall be construed to allow the Agent to execute an amendment to this Regulatory Agreement on behalf of the Issuer or the Owner.

Section 9. Indemnification; Other Payments. To the fullest extent permitted by law, the Owner agrees to indemnify, hold harmless and defend the Issuer and each of its officers, governing members, directors, officials, employees, attorneys and agents (collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Agency Agreement, the Pledge and Assignment, the Loan Agreement, this Regulatory Agreement, or the Tax Certificate and all documents related thereto, or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale, resale or remarketing of the Bonds;

(ii) any act or omission of the Owner or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, construction or construction of, the Project or any part thereof;

(iii) any lien or charge upon payments by the Owner to the Issuer or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer in respect of any portion of the Project;

(iv) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof;

(v) the defeasance and/or redemption, in whole or in part, of the Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any documents relating to the Bonds, or any omission or alleged omission from any such document of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(vii) any declaration of taxability of interest on the Bonds, or allegations (or regulatory inquiry) that interest on the Bonds is taxable, for federal tax purposes;

except 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 Owner, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Owner 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 Owner if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel. In addition to the foregoing, the Owner shall pay upon demand all of the fees and expenses paid or incurred by the Issuer in enforcing the provisions hereof.

The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses hereunder shall survive the final payment or defeasance of the Bonds. The provisions of this Section shall survive the term of the Bonds and this Regulatory Agreement, but only as to events occurring during the term of this Regulatory Agreement.

Section 10. Consideration. The Issuer has agreed to issue the Bonds to provide funds to lend to the Owner to finance the construction and equipping of the Project, all for the purpose, among others, of inducing the Owner to construct and develop the Project. In consideration of the issuance of the Bonds by the Issuer, the Owner has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 11. Reliance. The Issuer and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons, including but not limited to the Administrator and the Agent, interested in the legality and validity of the Bonds, in the exemption from California personal income taxation of interest on the Bonds and in the Tax-Exempt status of the interest on the Bonds. In performing their duties and obligations hereunder, the Issuer, the Administrator and the Agent may rely upon statements and certificates of the Low Income Tenants, and upon audits of the books and records of the Owner pertaining to the Project. In addition, the Issuer may consult with counsel, and the opinion of such counsel shall be full and

complete authorization and protection in respect of any action taken or suffered by the Issuer or the Administrator hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by Owner exists under this Regulatory Agreement, the Agent shall not be required to conduct any investigation into or review of the operations or records of the Owner and may rely solely on any written notice or certificate delivered to the Agent by the Owner or the Issuer with respect to the occurrence or absence of a default.

Section 12. Sale or Transfer of the Project. For the Qualified Project Period, the Owner shall not, except as provided below, sell, Transfer or otherwise dispose of the Project, in whole or in part, without the prior written consent of the Issuer, which consent shall not be unreasonably withheld or delayed if the following conditions are satisfied: (A) the receipt by the Issuer of evidence acceptable to the Issuer that (1) the Owner shall not be in default hereunder or under the Loan Agreement, if in effect (which may be evidenced by a Certificate of Continuing Program Compliance) or the transferee undertakes to cure any defaults of the Owner to the reasonable satisfaction of the Issuer; (2) the continued operation of the Project shall comply with the provisions of this Regulatory Agreement; (3) either (a) the transferee or its property manager has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects, or (b) the transferee agrees to retain a property management firm with the experience and record described in subclause (a) above, or (c) the transferring Owner or its management company will continue to manage the Project, or another management company reasonably acceptable to the Issuer will manage, for at least one year following such Transfer and, if applicable, during such period the transferring Owner or its management company will provide training to the transferee and its manager in the responsibilities relating to the Low Income Units; and (4) the person or entity which is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; (B) the execution by the transferee of any document reasonably requested by the Issuer with respect to the assumption of the Owner's obligations under this Regulatory Agreement and the Loan Agreement, if the Loan is still outstanding, including without limitation an instrument of assumption hereof, and delivery to the Issuer of an opinion of such transferee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such transferee, subject to bankruptcy and other standard limitations affecting creditor's rights; (C) receipt by the Issuer of an opinion of Bond Counsel addressed to the Issuer to the effect that any such sale, transfer or other disposition will not adversely affect the Tax-Exempt status of interest on the Bonds; (D) receipt by the Issuer of all fees and/or expenses then currently due and payable to the Issuer; and (E) receipt by the Issuer of evidence of satisfaction of compliance with the provisions of Section 28(d)(i) related to notice to CDLAC of transfer of the Project. For purposes of this Section 12, the transfer of limited partnership interests in the Owner, or interests within the limited partners of the Owner, shall not constitute a "sale, transfer or disposition of the Project."

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 12 shall be null, void and without effect, shall

cause a reversion of title to the Owner, and shall be ineffective to relieve the Owner of its obligations under this Regulatory Agreement. The written consent of the Issuer to any Transfer of the Project shall constitute conclusive evidence that the Transfer is not in violation of this Section 12. Nothing in this Section 12 shall affect any provision of the Loan Agreement, any loan document or any other document or instrument between the Owner and any other party, which requires the Owner to obtain the prior written consent of such other party in order to sell, Transfer or otherwise dispose of the Project. Upon any sale or other Transfer that complies with this Regulatory Agreement, the Owner shall be fully released from its obligations hereunder to the extent such obligations have been fully assumed in writing by the transferee of the Project. Except as otherwise provided herein, any Transfer of the Project to any entity, whether or not affiliated with the Owner, shall be subject to the provisions of this Section 12. It is further stipulated and agreed that the removal or withdrawal of the General Partner of the Owner pursuant to the terms and conditions of the Owner's Amended and Restated Agreement of Limited Partnership (the "Limited Partnership Agreement") shall not constitute a "sale, transfer or disposition of the Project"; provided, that a new General Partner, approved by the Issuer, in its reasonable discretion, is admitted as a replacement general partner upon such removal or withdrawal, provided further, that no Issuer approval is required if the new General Partner is an affiliate of Raymond James Tax Credit Funds, Inc.

The foregoing notwithstanding, the Project may be transferred pursuant to a foreclosure, exercise of power of sale or deed in lieu of foreclosure or comparable conversion under the Deed of Trust without the consent of the Issuer or compliance with the provisions of this Section 12. The Issuer hereby approves the transfer of limited partnership interests in the Owner to affiliates of the investor limited partner of the Owner, including, without limitation, the transfer of partnership interests in the Owner to and from the investor limited partner and non-managing ownership interests in the limited partner of Owner; provided that the Issuer reserves the right to approve any voluntary change in ownership that results in a transfer of 50% or more of the total equity interests of the Owner.

For the Qualified Project Period, the Owner shall not: (1) encumber any of the Project or grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except (A) Permitted Title Exceptions (as defined in the Deed of Trust), or (B) pursuant or subordinate to the provisions of this Regulatory Agreement and the Deed of Trust, and upon receipt by the Owner of an opinion of Bond Counsel that such action will not adversely affect the Tax-Exempt status of interest on the Bonds (provided that such opinion will not be required with respect to any encumbrance, lease or transfer relating to a commercial operation or ancillary facility that will be available for tenant use and is customary to the operation of multifamily housing developments similar to the Project), or except upon a sale, transfer or other disposition of the Project in accordance with the terms of this Regulatory Agreement; (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is demolished or removed is replaced with comparable property or such demolition or removal is otherwise permitted by the Loan Agreement or the Deed of Trust; or (3) permit the use of the dwelling accommodations of the Project for any purpose other than rental residences.

The foregoing notwithstanding, restrictions on Transfer of the Project, consents of the Issuer, transferee agreements, transferee criteria and requirements, opinion requirements,

assumption fees, transfer fees, penalties and the like shall not apply to any Transfer of title to the Project to a third party by foreclosure, deed in lieu of foreclosure or comparable conversion under the Deed of Trust or to any subsequent transfer by a third party following foreclosure, deed in lieu of foreclosure or comparable conversion under the Deed of Trust. Nothing contained in this Regulatory Agreement shall affect any provision of the Deed of Trust or any of the other Loan Documents that requires the Owner to obtain consent of any other party, including the Agent as a precondition to any Transfer of the Project. The Owner acknowledges that Agent has not consented to any such transfer. No covenant obligating the Owner to obtain an agreement from any transferee to abide by all requirements and restrictions of the Regulatory Agreement shall have any applicability to a Transfer upon foreclosure, deed in lieu of foreclosure or comparable conversion under the Deed of Trust. Any written consent to a Transfer obtained from the Issuer must be deemed to constitute conclusive evidence that the Transfer is not a violation of the Transfer provisions of this Section 12.

Section 13. Term. 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 for the period provided herein and shall terminate as to any provision not otherwise provided with a specific termination date and shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds and discharge of the Pledge and Assignment and the Loan Agreement.

The terms of this Regulatory Agreement to the contrary notwithstanding, the requirements of this Regulatory Agreement shall terminate and be of no further force and effect in the event of (a) involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire or other casualty, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date, which prevents the Issuer from enforcing such provisions, or (b) foreclosure, transfer of title by deed in lieu of foreclosure, condemnation or a similar event, but only if, within a reasonable period thereafter, either the Bonds are retired or amounts received as a consequence of such event are used to provide a project that meets the requirements hereof; 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 or the delivery of a deed in lieu of foreclosure or a similar event, the Owner or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Owner hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Owner nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Notwithstanding any other provision of this Regulatory Agreement, this Regulatory Agreement may be terminated, with the consent of CDLAC, upon agreement by the Issuer and the Owner upon receipt by the Issuer of an opinion of Bond Counsel (with a copy to the Agent) to the effect that such termination will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. 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.

Section 14. Covenants to Run With the Land. Notwithstanding Section 1461 of the California Civil Code, the Owner hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer and the Owner 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 Owner'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 15. Burden and Benefit. The Issuer and the Owner hereby declare their understanding and intent that the burdens of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The Issuer and the Owner hereby further declare their understanding and intent that the benefits of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds are issued.

Section 16. 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 of the site on which the Project is located.

Section 17. Default; Enforcement. If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after written notice thereof shall have been given by the Issuer or the Administrator, on behalf of the Issuer, to the Owner (with a copy to the Agent) and any limited partner of the Owner specified pursuant to Section 22 hereof, or for a period of 60 days from the date the Owner should, with reasonable diligence, have discovered such default, then the Issuer shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Owner or a limited partner of the Owner notifies the Issuer in writing of its intent to correct such default and institutes corrective action within said 60 days and diligently pursues such action until the default is corrected (unless such limited partner is unable to pursue such action due to an inability to remove the Owner's general partner as a result of a bankruptcy, injunction, or similar proceeding by or against the Owner or a general partner of the Owner), and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-Exempt status of interest on the Bonds. The Issuer shall have the right to enforce the obligations of the Owner under this Regulatory Agreement within shorter periods of time than are otherwise provided herein if necessary to insure compliance with the Act or the Code. The Issuer shall accept cures offered by a limited partner of the Owner within the cure periods set forth in this paragraph.

Following the declaration of an Event of Default hereunder, the Issuer, subject to the terms of the Pledge and Assignment, may take any one or more of the following steps, in addition to all other remedies provided by law or equity:

(i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Owner to perform its obligations and covenants hereunder or enjoin any acts or things that may be unlawful or in violation of the rights of the Issuer hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Owner pertaining to the Project;

(iii) require the Owner to pay to the Issuer an amount equal to the excess rent or other amounts received by the Owner for any units in the Project which were in violation of this Regulatory Agreement during the period such violation continued, if and to the extent that the excess rent or other amounts received by the Owner in violation of this Regulatory Agreement were not reimbursed or returned to the appropriate Tenant or Tenants (which payment shall not reduce the amount due under the Loan);

(iv) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder;

(v) order and direct the Owner in writing to terminate the Manager and to select a replacement Manager meeting the requirements hereof within 60 days of such written direction, and to notify the Issuer in writing of the identity of the replacement Manager and that certify that such replacement Manager satisfies the requirements hereof.

The Owner hereby agrees that specific enforcement of the Owner's agreements contained herein is the only means by which the Issuer may fully obtain the benefits of such agreements made by the Owner herein, and the Owner therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Owner hereunder.

The occurrence of an Event of Default under this Regulatory Agreement shall not impair, defeat or render invalid the lien of the Deed of Trust. The occurrence of an Event of Default under this Regulatory Agreement shall not be or be deemed to be a default under the Loan Documents other than this Regulatory Agreement, except as may be otherwise specified in the Loan Documents other than this Regulatory Agreement.

Promptly upon determining that a material violation of this Regulatory Agreement has occurred, the Issuer shall, by written notice, inform the Agent that such violation has occurred, the nature of the violation and that the violation has been cured or has not been cured, but is curable within a reasonable period of time, or is incurable.

The Issuer hereby agrees that cure of any Event of Default made or tendered by any partner of the Owner shall be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if made or tendered by the Owner.

All reasonable fees, costs and expenses (including reasonable attorney's fees) of the Issuer incurred in taking any action pursuant to this Section shall be the sole responsibility of the Owner.

No breach or default under this Regulatory Agreement shall defeat or render invalid any deed of trust, mortgage or like encumbrance upon the Project or any portion thereof given in good faith and for value. Notwithstanding anything herein to the contrary (A) the occurrence of an Event of Default under this Regulatory Agreement shall not constitute or be deemed, under any circumstances whatsoever, to be a default under the Deed of Trust or any other loan documents, except as may be otherwise specified therein; and (B) the Issuer may not, upon the occurrence of an Event of Default under this Regulatory Agreement, seek, in any manner, to (a) cause or direct acceleration of the Loan, (b) foreclose on the Deed of Trust, (c) cause the Agent to redeem the Bonds or to declare the principal of the Bonds and the interest accrued on the Bonds to be immediately due and payable or (d) cause the Agent to take any other action under any of the Issuer Documents, the loan documents or any other documents, which action would or could have the effect of achieving any one or more of the actions, events or results described in the preceding clauses (a) through (c).

The foregoing prohibitions and limitations are not intended to limit the rights of the Issuer to specifically enforce this Regulatory Agreement or to seek injunctive relief in order to provide for the operation of the Project in accordance with the requirements of the Code and State law.

Section 18. Recording and Filing. (a) The Owner 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 Alameda and in such other places as the Issuer may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording.

(b) The Owner and the Issuer will file of record such other documents and take such other steps as are reasonably necessary, in the opinion of Bond Counsel filed with the Issuer (with a copy to the Agent), in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(c) Except in the case of a foreclosure or comparable involuntary conversion of the Deed of Trust, the Owner hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents executed and delivered in connection with a voluntary transfer of any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 19. Payment of Fees. The Owner shall pay to the Issuer (i) on or before the Closing Date the Issuer Issuance Fee, and (ii) the Issuer Annual Fee, which amount shall be due and payable in advance on the Conversion Date for the prorated annual period from the Conversion Date to and including [_____] [31] of such year, and in advance on [_____] 1 of each year thereafter throughout the Qualified Project Period. Notwithstanding any prepayment of the Loan and notwithstanding a redemption of the Bonds, throughout the term of this Regulatory Agreement, the Owner shall continue to pay to the Issuer the Issuer Annual Fee as provided herein and, upon the occurrence of an event of default hereunder, reasonable compensation for any services rendered by it hereunder and reimbursement for all expenses reasonably incurred by any of them in connection therewith. The fee of the Issuer referenced in this Section shall in no way

limit amounts payable by the Owner set forth below in this Section 19, or otherwise arising in connection with the Issuer's enforcement of the provisions of this Regulatory Agreement, but the Issuer does agree to compensate any third party administrator appointed by it from the Issuer Annual Fee for the ordinary duties of the administrator hereunder. Notwithstanding any prepayment of the Loan or a redemption of the Bonds, through the term of this Regulatory Agreement, the Owner shall continue to pay to the Issuer "Additional Payments," as follows:

(a) all taxes and assessments of any type or character charged to the Issuer 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); provided, however, that the Owner shall have the right to protest any such taxes or assessments and to require the Issuer, at the Owner's expense, to protest and contest any such taxes or assessments levied upon it and that the Owner 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;

(b) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Issuer to prepare audits, financial statements, reports, opinions or provide such other services required under this Regulatory Agreement, the Loan Agreement, the Agency Agreement or the Pledge and Assignment; and

(c) The reasonable fees and expenses of the Issuer or any agent or attorney selected by the Issuer to act on its behalf in connection with the Pledge and Assignment, the Loan Agreement, the Agency Agreement, the Bonds, or this Regulatory Agreement, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation, investigation or other proceeding which may at any time be instituted involving the Pledge and Assignment, the Agency Agreement, the Loan Agreement, this Regulatory Agreement, or the Bonds or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Owner, its properties, assets or operations or otherwise in connection with the administration of the Pledge and Assignment, the Agency Agreement, the Loan Agreement, this Regulatory Agreement or the Bonds.

Any amounts due and payable by the Owner as arbitrage rebate under Section 148 of the Code, pursuant to Owner's covenants and agreements with respect thereto in the Loan Agreement and the Tax Certificate.

Such Additional Payments shall be billed to the Owner by the Issuer from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Issuer for one or more of the above items. After such a demand, amounts so billed shall be paid by the Owner within thirty (30) days after the date of invoice. Notwithstanding the foregoing, the Issuer shall not be required to submit a bill to the Owner for payment of the Issuer Annual Fee or any amounts due with respect to arbitrage rebate under Section 148 of the Code, the calculation and payment for which is the responsibility of the Owner.

Section 20. Governing Law; Venue. This Regulatory Agreement shall be construed in accordance with and governed by the laws of the State of California applicable to contracts made and performed in the State of the California. This Regulatory Agreement shall be enforceable in the State of California, and any action arising hereunder shall (unless waived by the Issuer in writing) be filed and maintained in the Superior Court of California, County of Alameda.

Section 21. Amendments; Waivers. (a) Except as provided in Section 8(a) hereof, this Regulatory Agreement may be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Alameda and only upon (i) receipt by the Issuer (with a copy to the Agent) of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-Exempt status of interest on the Bonds and is not contrary to the provisions of the Act, and (ii) the written consent of the Agent, who shall receive a copy of any such amendment.

(b) Anything to the contrary contained herein notwithstanding, the Issuer and the Owner hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel, in order that interest on the Bonds remains Tax-Exempt. The parties requesting such amendment shall notify the other parties to this Regulatory Agreement and the Agent of the proposed amendment, with a copy of such proposed amendment to Bond Counsel and a request that Bond Counsel render to the Issuer an opinion as to the effect of such proposed amendment upon the Tax-Exempt status of interest on the Bonds. This provision shall not be subject to any provision of any other agreement requiring any party hereto to obtain the consent of any other person in order to amend this Regulatory Agreement.

(c) Any waiver of, or consent to, any condition under this Regulatory Agreement must be expressly made in writing.

Section 22. Notices. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, overnight delivery, certified or registered mail, postage prepaid, return receipt requested, or by telecopy, in each case at the respective addresses specified in the Pledge and Assignment, or at such other addresses as may be specified in writing by the parties hereto. Unless otherwise specified by CDLAC, the Address of CDLAC is:

California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814
Attention: Executive Director

A copy of each notice sent by or to the Owner shall also be sent to the manager of the Project and any other partner of the Owner specified by the Owner at the addresses provided by the Owner in writing to the Administrator and the Agent; but such copy shall not constitute notice to the Owner, nor shall any failure to send such copy constitute a breach of this Regulatory Agreement or a failure of or defect in notice to the Owner. Unless otherwise specified by the Issuer, the address of the Administrator shall be that of the Issuer. The Issuer, the Administrator, if any, the Agent, CDLAC and the Owner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Notice shall be deemed given on the date evidenced by the postal or courier receipt or other

written evidence of delivery or electronic transmission; provided that any telecopy or other electronic transmission received by any party after 4:00 p.m., local time of the receiving party, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day.

A copy of each notice of default provided to the Owner hereunder shall also be provided to the Agent and the Investor Limited Partner (as defined in the Pledge and Assignment) at the address set forth in the Pledge and Assignment.

A copy of each notice sent by or to the Owner shall also be sent to the Manager at the address of the Manager provided by the Owner to the Administrator and to the Investor Limited Partner of the Owner at the address provided by the Owner to the Administrator; but such copies shall not constitute notice to the Owner, nor shall any failure to send such copies constitute a breach of this Regulatory Agreement or a failure of or defect in notice to the Owner.

The Owner shall notify the Issuer and the Administrator in writing of any change to the name of the Project or any change of name or address for the Owner or the Manager or the Investor Limited Partner. The Owner shall further notify CDLAC in writing of any event provided in Section 28(d) hereof.

In the event that the Bonds are no longer outstanding, the provisions of this Regulatory Agreement requiring that notice be given to or consent obtained of the Agent shall be of no force or effect.

Section 23. 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 24. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 25. Limitation on Liability. Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Regulatory Agreement, (i) the liability of the Owner under this Regulatory Agreement to any person or entity, including, but not limited to, the Agent and the Issuer and their successors and assigns, is limited to the Owner's interest in the Project, the Collateral, including the amounts held in the funds and accounts created under the Pledge and Assignment or any rights of the Owner under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of this Regulatory Agreement or any other agreement securing the obligations of the Owner under this Regulatory Agreement; and (ii) from and after the date of this Regulatory Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Regulatory Agreement, any agreement pertaining to any Project or any other agreement securing the Owner's obligations under this Regulatory Agreement), shall be rendered against the Owner, the assets of the Owner (other than the Owner's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Pledge and Assignment, any rights of the Owner

under the Pledge and Assignment or any other documents relating to the Bonds or any rights of the Owner under any guarantees relating to the Project), its partners, successors, transferees or assigns and each of their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Regulatory Agreement and the Pledge and Assignment or any agreement securing the obligations of the Owner under this Regulatory Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding, except to the extent otherwise provided in the Loan Agreement.

Section 26. Third-Party Beneficiary. CDLAC is intended to be and shall be a third-party beneficiary of this Regulatory Agreement. CDLAC shall have the right (but not the obligation) to enforce, separately or jointly with the Issuer or to cause the Issuer to enforce, the terms of this Regulatory Agreement and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof. CDLAC shall have the right (but not the obligation) to enforce the CDLAC Conditions and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the holders of the Bonds. Pursuant to Section 52080(k) of the Act, Section 6 (Requirements of the Act) may be enforced either in law or in equity by any resident, local agency, entity, or by any other person adversely affected by the Owner's failure to comply with that Section.

Section 27. Property Management. The Owner agrees that at all times the Project shall be managed by a property manager (i) approved by the Issuer in its reasonable discretion and (ii) who has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects (the "Manager"). The Owner shall submit to the Issuer from time to time such information about the background, experience and financial condition of any existing or proposed Manager as the Issuer may reasonably require to determine whether such Manager meets the requirements for a Manager set forth herein. The Issuer reserves the right to conduct periodic reviews of the management practices and of the Manager to determine if the Project is being operated and managed in accordance with the requirements and standards of this Agreement. The Owner agrees to cooperate with the Issuer in such reviews.

Replacement of Manager. If the Issuer determines in its reasonable judgment that the Project is not being operated and managed in accordance with one or more of the material requirements or standards of this Regulatory Agreement, the Issuer may deliver notice to the Owner and the Agent requesting replacement of the Manager, which notice shall state clearly the reasons for such request. The Owner agrees that, upon receipt of such notice, it shall within 60 days submit to the Issuer, with copies to the Agent, a proposal to engage a new Manager meeting the requirements of this Section 27. Each of the Issuer and the Agent shall respond within 30 days to such proposal or such approval shall be deemed given. Upon receipt of such consent or deemed consent, the Owner shall within 60 days terminate the existing Manager's engagement and engage the new Manager. If such proposal is denied by either the Issuer or the Agent, the Owner agrees

that upon receipt of notice of such denial, it shall within 60 days submit to the Issuer, with copies to the Agent, a proposal to engage another new Manager meeting the requirements of this Section 27, subject to the Issuer's and Agent's consent or deemed consent pursuant to the terms hereof.

Notwithstanding any other provision of this Section 27 to the contrary, the Agent may at any time by written instruction to the Issuer and the Owner deny the Issuer's request for a replacement Manager and direct that the existing Manager be retained.

Section 28. Requirements of CDLAC. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 through 6 hereof, the Owner hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 28, as follows:

(a) The Owner shall comply with the CDLAC Resolution attached hereto as Exhibit E 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 Owner will prepare and submit to Issuer, not later than January 15 of each year, until the Project is completed, and on January 15 every three years thereafter until the end of the Qualified Project Period, a Certificate of Compliance II for Qualified Residential Rental Projects, in substantially the form required or otherwise provided by CDLAC from time to time, executed by an authorized representative of the Owner. The Certificate of Compliance II for Qualified Residential Rental Projects shall be prepared pursuant to the terms of the CDLAC Conditions. Additionally, the Owner will prepare and submit to Issuer, a Certificate of Completion, in substantially the form required or otherwise provided by CDLAC from time to time, executed by an authorized representative of the Owner certifying among other things to the substantial completion of the Project. Following the submission of the Certificate of Completion, the Owner will prepare and submit to Issuer, not later than January 15 every three years thereafter until the end of the Qualified Project Period, a California Tax Credit Allocation Committee Project Status Report or equivalent documentation in substantially the form required or otherwise provided by CDLAC from time to time. 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 Owner to report to Issuer.

(b) The Owner acknowledges that Issuer and the Administrator shall monitor the Owner's compliance with the terms of the CDLAC Conditions. The Owner acknowledges that Issuer 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 until the end of the Qualified Project Period, a Self-Certification Certificate in the form provided by CDLAC. The Owner will cooperate fully with Issuer in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in Section 13 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 Owner shall notify CDLAC in writing of: (i) any change in ownership of the Project, (ii) any change in Issuer, (iii) any change in the name of the Project or the Manager; (iv) any material default under the Pledge and Assignment, the Loan Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the Bonds, and the income and rental requirements as provided in Sections 4 and 6 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 Owner after the Closing Date, at any time that are not more restrictive than the original CDLAC Conditions; provided however, that, with the prior written consent of the Agent, which will not be unreasonably withheld: (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 a regulatory agreement between Owner 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 Owner or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26 and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by Owner and approved by CDLAC. Issuer may, in its sole and absolute discretion, require the Owner 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 real property records of the County. The Owner 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 contained in this Section 28 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 28 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent Issuer has received an opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (ii) any requirement of this Section 28 shall be void and of no force and effect if Issuer and the Owner 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 29. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 20[___]), the Owner, on behalf of the Issuer, 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 Issuer, 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 30. Expenses. The Owner shall pay and indemnify the Issuer and the Agent against all reasonable fees, costs and charges, including reasonable fees and expenses of

attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Agent without negligence) and arising out of or in connection with this Regulatory Agreement, the Loan Agreement, the Agency Agreement, the Bonds or the Pledge and Assignment. These obligations and those in Section 9 shall remain valid and in effect notwithstanding repayment of the Loan or termination of the Pledge and Assignment.

Section 31. Waiver of Personal Liability. No member, officer, agent or employee of the Issuer shall be individually or personally liable for the payment of any principal (or redemption price) or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Regulatory 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 Regulatory Agreement.

Section 32. Non-Liability of Issuer. (i) The Issuer shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from amounts received pursuant to the Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer is pledged to the payment of the principal (or redemption price) or interest on the Bonds. Neither the Issuer nor its members, officers, directors, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under, by reason of or in connection with the Pledge and Assignment Agreement, the Loan Agreement or the Bonds, except only to the extent amounts are received for the payment thereof from the Owner under the Loan Agreement.

The Owner hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by payments made by the Owner pursuant to the Loan Agreement, and hereby agrees that if the payments to be made under the Loan Agreement shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Agent or the Issuer, the Owner shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Owner, the Issuer or any third party, subject to any right of reimbursement from the Issuer or any such third party, as the case may be, therefor but solely, in the case of the Issuer, from amounts received pursuant to the Loan Agreement, other than with respect to any deficiency caused by the willful misconduct of the Issuer.

[Execution Pages to Follow]

IN WITNESS WHEREOF, the Issuer and the Owner have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

COUNTY OF ALAMEDA

By: _____

Linda M. Gardner
Housing Director

[Signatures continue on following page]

[Owner Signature Page to Regulatory Agreement]

3268 SAN PABLO, L.P.,
a California limited partnership

By 3268 San Pablo LLC,
a California limited liability company
its general partner

By: Satellite Affordable Housing Associates,
a California nonprofit public benefit corporation,
its manager

By: _____
Susan Friedland,
Chief Executive Officer

[Attach Notary Acknowledgements]

EXHIBIT A

DESCRIPTION OF REAL PROPERTY
RELATING TO THE PROJECT

The land referred to is situated in the County of Alameda, City of Oakland, State of California, and is described as follows:

EXHIBIT B

[FORM OF INCOME CERTIFICATION]

VERIFICATION OF INCOME

RE: [Name of Project]
[Address of Project]

Apartment Number: _____. Initial Occupancy Date: _____.

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully, and truthfully each of the following questions for all persons who are to occupy the unit in the above apartment development for which application is made, all of whom are listed below:

<u>Name of Members of the Household</u>	<u>Relationship to Head of Household</u>	<u>Age</u>	<u>Social Security Number</u>	<u>Place of Employment</u>
	Head of Household			
	Spouse			

6. The anticipated income of all the above persons during the 12-month period beginning this date, including income described in (a) below, but excluding all income described in (b) below, is \$_____.

(a) The amount set forth above includes all of the following income (unless such income is described in (b) below):

(i) all wages and salaries, over-time pay, commissions, fees, tips and bonuses before payroll deductions;

(ii) net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);

(iii) interest and dividends (include all income from assets as set forth in item 7(b) below);

(iv) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;

(v) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;

(vi) the maximum amount of public assistance available to the above persons;

(vii) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;

(viii) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and

(ix) any earned income tax credit to the extent it exceeds income tax liability.

(b) The following income is excluded from the amount set forth above:

(i) casual, sporadic or irregular gifts;

(ii) amounts which are specifically for or in reimbursement of medical expenses;

(iii) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;

(iv) amounts of educational scholarships paid directly to a student or an educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes;

(v) hazardous duty to a member of the household in the armed forces who is away from home and exposed to hostile fire;

(vi) relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(vii) income from employment of children (including foster children) under the age of 18 years;

(viii) foster child care payments;

(ix) the value of coupon allotments under the Food Stamp Act of 1977;

(x) payments to volunteers under the Domestic Volunteer Service Act of 1973;

(xi) payments received under the Alaska Native Claims Settlement Act;

(xii) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(xiii) payments on allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

- (xiv) payments received from the Job Partnership Training Act;
- (xv) income derived from the disposition of funds of the Grand River Band of Ottawa Indians; and
- (xvi) the first \$2000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims or from funds held in trust for an Indian tribe by the Secretary of Interior.

7. If any of the persons described in column 1 above (or any person whose income or contributions were included in item 6) has any savings, stocks, bonds, equity in real property or other form of capital investment (excluding interests in Indian trust lands), provide:

- (a) the total value of all such assets owned by all such persons: \$_____, and
- (b) the amount of income expected to be derived from such assets in the 12-month period commencing this date: \$_____.

8. (a) Will all of the persons listed in column 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes _____ No _____

- (b) (Complete only if the answer to Question 8(a) is "Yes"). Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes _____ No _____

We acknowledge that all of the foregoing information is relevant to the status under federal income tax law of the interest on bonds issued to finance the construction and equipping of the apartment building for which application is being made. We consent to the disclosure of such information to the issuer of such bonds, the holders of such bonds, any fiscal agent acting on their behalf and any authorized agent of the Treasury Department or Internal Revenue Service.

We declare under penalty of perjury that the foregoing is true and correct.

Date _____

Head of Household

Spouse

NOTE TO PROJECT OWNER: A vacant unit previously occupied by individuals or a family of Low Income, may be treated as occupied by individuals or a family of Low Income until reoccupied, other than for a period of 31 consecutive days or less, at which time the character of the unit shall be redetermined.

FOR COMPLETION BY PROJECT OWNER ONLY:

I. Calculation of eligible income:

- (A) Enter amount entered for entire household in 6 above: \$ _____
- (B) If the amount entered in 7(a) above is greater than \$5,000, enter:
- (i) the product of the amount entered in 7(a) above multiplied by the current passbook savings rate as determined by HUD: \$ _____
- (ii) the amount entered in 7(b) above: \$ _____
- (iii) line (i) minus line (ii) (if less than \$0, enter \$0): \$ _____
- (C) TOTAL ELIGIBLE INCOME (Line I(A) plus line I(B)(iii)): \$ _____

II. Qualification as individuals or a family of Low Income:

- (A) Is the amount entered in line 1(c) less than 60% of Median Gross Income for the Area?
Yes _____ No _____
- (B) (i) If line II(A) is "No," then the household does not qualify as individuals or a family of Low Income; skip to item III.
- (ii) If line II(A) above is "Yes" and 8(a) above is "No," then the household qualifies as individuals or a family of Low Income; skip to item III.
- (iii) If line II(A) above is "Yes" and 8(b) above is "Yes," then the household qualifies as individuals or a family of Low Income; skip to item III.
- (iv) If neither (ii) nor (iii) is applicable, then the household does not qualify as individuals or a family of Low Income.

III. (Check one)

The household does not qualify as individuals or a family of Low Income. _____.

The household qualifies as individuals or a family of Low Income. _____.

IV. Number of apartment unit assigned: _____
(enter here and on page one)

Owner

OCCUPANCY CERTIFICATE

(To be filed with the Issuer along with a Verification of Income upon the rental of a unit to any Low Income Tenant.)

Project _____

The tenant identified in the attached Verification of Income has entered into a lease with respect to a unit in the above-described Project.

Such tenant is/is not (circle one) a Low Income Tenant.

The rental of a unit to such tenant will not result in a violation of any of the requirements of the Loan Agreement or the Regulatory Agreement to which the Owner is a party.

Witness

Owner

Date: _____

EXHIBIT C

[FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE]

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Witnesseth that on this __ day of _____, 20__, the undersigned, having borrowed certain funds from the COUNTY OF ALAMEDA (the "Issuer") for the purpose of constructing and equipping a multifamily rental housing development (the "Project"), does hereby certify that:

1. During the preceding quarter (i) such Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the Issuer, (ii) ___% of the units in the Project were occupied by Low Income Tenants (minimum of 40%).

Set forth below are the names of Low Income Tenants who commenced or terminated occupancy during the preceding quarter.

<u>Commenced Occupancy</u>	<u>Terminated Occupancy</u>
1.	1.
2.	2.
3.	3.

The units occupied by Low Income Tenants are of similar size and quality to other units and are dispersed throughout the Project. Attached is a separate sheet listing the number of each unit and indicating which units are occupied by Low Income Tenants, the size, the number of bedrooms of such units and the number of Low Income Tenants who commenced occupancy of units during the preceding quarter.

2. *Select appropriate certification:* [No unremedied default has occurred under this Regulatory Agreement, the Loan Agreement or the Deed of Trust.] [A default has occurred. The nature of the default and the measures being taken to remedy such default are as follows:
_____.

3. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Date: _____
Owner _____

Witness

Unit	Low Income or Market Unit	No. of Bedrooms	Rent	Total Eligible Income (for Low Income Units)	Size (Sq. Ft.)

Total Number of Units: _____

Percentage of Low Income Units: _____

Number of Low Income Tenants commencing occupancy this month: _____

EXHIBIT D

[Form of]

STATISTICAL REPORT TO ISSUER

Reporting Period: _____, _____. Date: _____

As of the date hereof:

1. Total units: _____; units occupied by Low Income Tenants: _____; vacant units most recently occupied by Low Income Tenants: _____; other vacant units: _____.

2. The number of Low Income Tenants who terminated their rental agreements during the previous twelve (12) month period is _____.

3. The number of units rented to new Low Income Tenants during the last twelve (12) month period is _____.

4. To the extent such information has been provided by tenants, the family names of each household currently occupying a Low Income Unit are listed on the schedule attached hereto.

5. The number of Low Income Units each one-bedroom/one bath is: _____

3268 SAN PABLO, L.P.,
a California limited partnership

By 3268 San Pablo LLC,
a California limited liability company
its general partner

By: Satellite Affordable Housing Associates,
a California nonprofit public benefit corporation,
its general partner

By: _____
Susan Friedland,
Chief Executive Officer

EXHIBIT E

CDLAC RESOLUTION

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, CA 94105-2669
Attn: Paul Toland

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

By and Between

COUNTY OF ALAMEDA

and

3268 SAN PABLO, L.P.,
a California limited partnership

Dated as of [Dated Date]

Relating to

**County of Alameda
Multifamily Housing Revenue Bonds
(3268 San Pablo Apartments) 2019 Series B**

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MASTER PLEDGE AND ASSIGNMENT

among

**COUNTY OF ALAMEDA,
as Issuer**

and

**SILICON VALLEY BANK,
a California State Chartered Bank,
as Agent**

and

**SILICON VALLEY BANK,
a California State Chartered Bank,
as Holder**

Dated as of [Dated Date]

Relating to

**[\$[Par]
County of Alameda
Multifamily Housing Revenue Bonds
(3268 San Pablo Apartments) 2019 Series B**

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MASTER PLEDGE AND ASSIGNMENT

THIS MASTER PLEDGE AND ASSIGNMENT, dated as of [Dated Date] (this “Pledge and Assignment”), from the COUNTY OF ALAMEDA, a political subdivision of the State of California (the “Issuer”), and SILICON VALLEY BANK (together with its successors and assigns, the “Agent”), as agent under and pursuant to that certain Master Agency Agreement dated as of [Dated Date] (the “Agency Agreement”) between the Issuer and the Agent, to SILICON VALLEY BANK, as initial holder of the Bonds described herein, and any successors and assigns (the “Holder”).

WITNESSETH:

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California, as amended (the “Act”), the Issuer has determined to issue its Multifamily Housing Revenue Bonds (3268 San Pablo Apartments) 2019 Series B, in the aggregate face amount (maximum principal amount) of \$[Par] (the “Bonds”), to evidence the obligation to repay the advances to be made hereunder by the Holder to the Agent for the account of the Issuer;

WHEREAS, the proceeds of the Bonds will be advanced by the Agent for the account of the Issuer to 3268 San Pablo, L.P., a California limited partnership (the “Borrower”), for the purpose of funding a loan (the “Loan”) in the maximum aggregate principal amount of \$[Par] to the Borrower to finance the Borrower’s acquisition, construction/rehabilitation and development of a 51-unit multifamily rental housing project for seniors located in the City of Oakland, California, to be known as “3268 San Pablo Apartments” (the “Project”);

WHEREAS, the Loan will be made to the Borrower by the Agent for the account of the Issuer pursuant to that certain Loan Agreement (Construction Loan Converting to Term Loan) (the “Loan Agreement”), of even date herewith, by and between the Agent, as agent for the Issuer, and the Borrower;

WHEREAS, the Borrower’s obligation to repay the Loan will be evidenced by that certain Note (as defined in the Loan Agreement) made by Borrower to the order of the Agent, as agent for Issuer, as further described herein, and secured by that certain Construction and Permanent Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing (the “Mortgage”) of even date herewith, executed by the Borrower, as trustor, for the benefit of the Agent, in its capacity as agent for the Issuer, as beneficiary;

WHEREAS, the Holder, as a condition to its purchase of the Bonds, has required that the Issuer and the Agent execute and deliver this Pledge and Assignment;

NOW, THEREFORE, as an inducement to the Holder to purchase the Bonds, as provided herein, and as an inducement to the Agent, as agent for the Issuer and for the account of the Issuer, to make and disburse the proceeds of the Bonds to make the Loan as provided herein, and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer and the Agent, in order to secure the due and punctual payment of the Bonds and other sums due the Holder hereunder or thereunder, do hereby pledge, grant, bargain, sell, convey, assign, mortgage and transfer, and grant a security interest in, all of the Issuer’s and the Agent’s right, title and interest in and to the following

described property, whether real or personal, except for the Reserved Rights (defined below) (collectively, the “Collateral”), to the Holder; provided, however, that this Pledge and Assignment and the agreements and covenants made hereunder shall not be construed to constitute a general obligation of the Issuer or the Agent, and any obligations hereunder are limited obligations of the Issuer and the Agent to be paid and satisfied solely from the following described Collateral:

(i) the Loan, including without limitation, the Note, the Mortgage and all other Loan Documents (as hereinafter defined) to which either the Issuer or the Agent now is, or hereafter may be, a party or a direct beneficiary, together with all rights, powers, privileges and other benefits of the Agent and the Issuer under the Loan Documents, including the right to make all waivers and agreements, to give and receive duplicate copies of all notices and other instruments or communications, to take such action upon the occurrence of any default under the Loan Documents, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Loan Documents or by law, and to do any and all other things whatsoever which the Issuer or the Agent is or may be entitled to do under the Loan Documents;

(ii) any and all payments of principal, interest, premiums and late payment fees made on the Loan at any time hereafter by the Borrower;

(iii) the proceeds of the sale of the Bonds to the extent they have not been applied to fund the Loan;

(iv) all tax, insurance or other similar escrows now or hereafter held with respect to the Loan; and

(v) any and all proceeds received under any policy of title insurance, hazard insurance, or other such insurance with respect to the Project, proceeds received from Condemnation (as that term is defined below), and revenues, proceeds and other payments and tenders received from any foreclosure (or payments in lieu of foreclosure) of the Mortgage or from enforcement of the Mortgage or any other Loan Documents, and any and all proceeds from the conversion, voluntary or involuntary, of any of the foregoing into cash or other liquidated claims;

SUBJECT, HOWEVER, to (a) the interest of the Borrower, to the extent provided in the Loan Documents, with respect to the tax, insurance or other similar escrows and with respect to any property insurance proceeds or Condemnation awards or proceeds of foreclosure, (b) the right of the Agent and the Issuer (subject to the terms of the Agency Agreement) to exercise, without the consent of the Holder until an Event of Default shall have occurred and be continuing, all rights, powers, privileges and other benefits under the Loan Documents, including the right to make all waivers and agreements, to give and receive duplicate copies of all notices and other instruments or communications, to take such action upon the occurrence of any default under the Loan Documents, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Loan Documents or by law, but subject to, and only upon, the terms and conditions of Article 5 hereof, and (c) any of the rights of the Issuer and the Agent and their respective directors, officers, elected officials, attorneys, accountants, employees, agents and consultants to be held harmless and indemnified thereunder, to be paid fees as described therein, to be reimbursed for attorneys’ fees and expenses thereunder

and to give or withhold consent to amendments, changes, modifications and alterations to and to enforce the provisions of the Regulatory Agreement as that term is hereinafter defined; provided that payment to the Issuer of any fees, expenses and indemnification amounts under this subpart (c), other than the Issuer's annual fee and amounts payable to the United States with respect to any rebate liability, shall be subordinate and junior in the right of payment to the right of the Holder to be paid in full all amounts owing to it under the Bonds and other expenses as set forth in Section 5.1 hereof (collectively, (a), (b) and (c) of this paragraph are collectively referred to as the "Reserved Rights").

IT IS HEREBY COVENANTED by the parties hereto that the Collateral is to be held and applied subject to the further covenants, conditions, uses and trusts herein set forth; and the Issuer and the Agent, for themselves and their respective successors and assigns, hereby covenant and agree with the Holder as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. The following terms shall, for all purposes of this Pledge and Assignment, have the following respective meanings:

"*Accredited Investor*" has the meaning set forth in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities Act of 1933, as amended.

"*Act*" means Chapter 5 of Division 7 of Title 1 of the California Government Code together with the provisions of Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code as now in effect and as it may from time to time hereafter be amended and supplemented.

"*Affiliate*" means any entity of which the ultimate parent corporation is the same as that of Silicon Valley Bank (or any successor to Silicon Valley Bank as the Holder), including such parent corporation.

"*Approved Institutional Buyer*" means (1) a Qualified Institutional Buyer; (2) an Accredited Investor; (3) an Affiliate of the Holder in such Holder's capacity as an Approved Institutional Buyer; (4) an entity all of the investors in which are described in (1), (2) or (3) above; (5) a custodian or trustee for a party described in (1), (2) or (3) above; and in connection with a permitted assignment by CCRC under the Bond Purchase Agreement and after Conversion, an Approved Institutional Buyer shall mean any of the following, so long as such entities are as described in (1), (2), (3), (4) or (5) above: (a) Fannie Mae or Freddie Mac, (c) a member bank of CCRC, or (d) a fund established and managed by CCRC (or by a single member limited liability company in which CCRC is the sole member) and in which all of the investors are banks, insurance companies or other financial institutions (or affiliates of such entities) and each of which is a Qualified Institutional Buyer or an Accredited Investor with net assets not less than \$5,000,000,000.

"*Authorized Denomination*" means \$250,000 and any integral multiple of \$1.00 in excess thereof; provided, however, that any one Bond may be in a denomination less than \$250,000 in connection with a partial redemption of the Bonds pursuant to Sections 2.10(a) and (c), and any

one Bond may be in a denomination less than \$250,000 to the extent that the outstanding principal amount of the Bonds is less than \$250,000.

“*Authorized Officer*” means the President of the Board of Supervisors of the Issuer, the Director of the Community Development Agency of the Issuer and the Housing Director of the Issuer, or any authorized designee thereof, and such additional person or persons, if any, duly designated by the Issuer in writing to act on its behalf.

“*Bond Counsel*” means an attorney or a firm of attorneys of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, who is or are selected by the Issuer and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement, dated [Dated Date], by and among the Holder, CCRC and the Borrower, as it may be amended and supplemented according to its terms.

“*Bonds*” means the County of Alameda Multifamily Housing Revenue Bonds (3268 San Pablo Apartments) 2019 Series B, issued and delivered in the aggregate face amount (maximum principal amount) of \$[Par].

“*Borrower*” means 3268 San Pablo, L.P., a California limited partnership, and its successors and assigns.

“*Business Day*” means any day (other than a Saturday or a Sunday) on which banks in New York, New York, are open for business.

“*CCRC*” means California Community Reinvestment Corporation, a California non-profit public benefit corporation.

“*CCRC Loan Agreement*” means the [_____] Agreement, dated as of [Dated Date], between the Borrower and CCRC, which pursuant to the terms thereof and to the terms of the Bond Purchase Agreement shall become effective on Conversion.

“*Closing Date*” means the date of original issuance of the Bonds hereunder.

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

“*Collateral*” shall have the meaning assigned to such term in the granting clauses of this Pledge and Assignment.

“*Condemnation*” means a taking of all or any part of the Project or any real property on which the Project is situated or any interest therein or right accruing thereto as a result of or in lieu of or in anticipation of the exercise of the right of condemnation, eminent domain, change of grade, appropriation or confiscation.

“*Conversion*” has the meaning given to that term in the Bond Purchase Agreement.

“*Conversion Date*” has the meaning given to that term in the Bond Purchase Agreement.

“*Fannie Mae*” means Fannie Mae, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C., § 1716 et seq., and its successors.

“*Freddie Mac*” means Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise, and its successors.

“*Interest Payment Date*” shall mean the [first] day of each month for so long as the Bonds are outstanding, commencing [Month after Closing] [1], 2019.

“*Investor Limited Partner*” means BWC Opportunity Fund Inc., a Delaware corporation and its successors and assigns, as limited partner.

“*Loan*” means the mortgage loan made by the Agent for the account of the Issuer to the Borrower with respect to the Project, from the proceeds of the Bonds, pursuant to the Loan Agreement.

“*Loan Agreement*” means that certain Loan Agreement (Construction Loan Converting to Term Loan), dated as of [Dated Date], by and between the Agent, in its capacity as agent for the Issuer, and the Borrower with respect to the Project, and upon Conversion as supplemented and amended by the CCRC Loan Agreement, as each of the Loan Agreement and the CCRC Loan Agreement may otherwise be amended or supplemented in accordance with their terms from time to time.

“*Loan Documents*” means all of the following documents or instruments entered into with respect to the Loan and the Project: the Note, the Mortgage, the Loan Agreement, the Regulatory Agreement and all other documents evidencing, securing or otherwise pertaining to the Loan.

[“*Mandatory Conversion Date*” shall have the meaning provided in the Loan Agreement.]

“*Maturity Date*” means [Maturity Date], subject to the provisions of the Note.

“*Moody’s*” means Moody’s Investors Service, Inc., its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

“*Mortgage*” means the Construction and Permanent Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date herewith by the Borrower, as trustor, for the benefit of the Agent, as agent for Issuer, as beneficiary, encumbering (among other things) the Project, securing the Loan and recorded in the official records of the County of Alameda, State of California.

“*Note*” shall have the meaning assigned to such term in the [Loan Agreement].

“*Permanent Loan Amount*” means \$[Permanent Loan Amount] or such lesser amount as may be required to be purchased by CCRC pursuant to the Bond Purchase Agreement.

“*Permitted Investments*” means, to the extent permitted by applicable law, any of the following:

(1) 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) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1);

(2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following: Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;

(3) repurchase agreements (including those of the Agent) fully secured by collateral security described in clause (1) or (2) of this definition, which collateral (a) is held by the Agent or a third party agent approved by the Holder during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen (14) days) at least equal to the amount so invested;

(4) certificates of deposit of, or time deposits or deposit accounts in, any bank (including the Agent) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a holding company, the debt obligations of the bank holding company of which) have been rated “A” or better by S&P, or (b) which are fully insured by the Federal Deposit Insurance Corporation, or (c) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (1) or (2) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;

(5) investment agreements of financial institutions or insurance companies, in each case having uninsured, unsecured and unguaranteed obligations rated “AA-” or better by S&P, provided, however, that any such investment may be provided by a financial institution or insurance company having uninsured, unsecured and unguaranteed obligations not rated “AA-” or better by S&P, if such investment is unconditionally insured, guaranteed or enhanced by an entity whose uninsured, unsecured and unguaranteed obligations are rated “AA-” or better by S&P;

(6) shares in any investment company registered under the federal Investment Company Act of 1940 whose shares are registered under the federal Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated AAA by S&P, including investment companies and master repurchase agreements from which the Agent or an affiliate derives a fee for investment advising or other service;

(7) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated A or better by S&P or mutual funds invested only in such obligations;

(8) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;

- (9) commercial paper rated A or better by S&P;
- (10) corporate notes or bonds with one year or less to maturity rated A or better by S&P;
- (11) Wells Fargo Commercial Money Market Fund; or
- (12) any other investment approved by the Holder.

“*Project*” means the 51-unit multifamily rental housing project to be known as 3268 San Pablo Apartments and to be located in the City of Oakland, California.

“*Purchaser’s Letter*” means the Purchaser’s Letter in the form attached hereto as EXHIBIT B.

“*Qualified Institutional Buyer*” has the meaning set forth in Rule 144A of the Securities Act of 1933, as amended.

“*Regulatory Agreement*” means that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [Dated Date], between the Issuer and the Borrower, as it may be supplemented or amended in accordance with its terms.

“*Reserved Rights*” has the meaning assigned to such term in the granting clauses of this Pledge and Assignment.

“*S&P*” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., and its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

“*State*” means the State of California.

“*Tax Certificate*” means the Tax Certificate and Agreement dated the Closing Date executed and delivered by the Issuer and the Borrower, as amended or supplemented from time to time.

ARTICLE II

BONDS

Section 2.1. Issuance of Bonds to Fund Loan. This Pledge and Assignment is entered into by the Issuer in order to provide financing for the Project through the issuance of the Bonds. The Bonds are issued as draw-down bonds, the proceeds of which shall be advanced by the Holder directly to the Agent for the account of the Issuer as and when needed by the Agent to make each advance under the Loan Agreement and shall be applied by the Agent for the account of the Issuer to the funding of the Loan pursuant to the terms of the Loan Agreement. As consideration for the issuance and delivery of the Bonds, the Holder agrees to purchase, at par, subject to satisfaction of, or waiver by the Agent of, the terms and conditions to funding of advances set forth in the Loan Agreement, the Bonds in an aggregate face amount (maximum principal amount) of up to \$[Par]. Concurrently with each advance of principal by the Agent, for the account of the Issuer, to the

Borrower under the Loan Agreement of the proceeds of the Loan, the Holder shall deliver to the Agent, for the account of the Issuer, and on account of the Holder's purchase of a corresponding principal amount of the Bonds, an amount equal to the amount so advanced by the Agent, on account of the Issuer, to the Borrower under the Loan Agreement. Subject to the terms and conditions of the Loan Agreement, the Agent agrees to advance to the Borrower under the Loan Agreement, and the Holder agrees to deliver to the Agent for the account of the Issuer, at least \$[Draw Amount] on the Closing Date, and the Holder agrees to purchase Bonds in at least such amount on the Closing Date. No Loan advances by the Agent shall be made after December 31, 2022.

Section 2.2. [Reserved].

Section 2.3. Form, Face Amount and Delivery of Bonds. The Bonds secured hereby are designated "County of Alameda Multifamily Housing Revenue Bonds (3268 San Pablo Apartments) 2019 Series B," are to be issued substantially in the form attached hereto as EXHIBIT A, are being issued in the face principal amount of \$[Par], and will be payable and mature as provided therein. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the President of the Board of Supervisors of the Issuer, and attested by the manual or facsimile signature of the Clerk of the Board of Supervisors of the Issuer. The Bonds shall be delivered to the Holder in certificate form upon the Holder's execution of the Purchaser's Letter. No rating has been assigned to the Bonds.

Section 2.4. Principal. The outstanding principal amount of the Bonds as of any given date shall be the total amount advanced by the Holder to the Agent on account of the Holder's purchase of the Bonds and advanced or constructively advanced by the Agent to the Borrower as proceeds of the Loan, less any payments of principal previously received by such Holder on the Bonds. The principal amount of the Bonds and interest thereon shall be payable on the basis specified in Sections 2.5 and 2.7. The Bonds shall be subject to redemption as provided in Section 2.10 and shall mature, and become due and payable in full, together with all accrued and unpaid interest thereon, on the Maturity Date.

Section 2.5. Interest. Interest shall be paid on the outstanding principal amount of the Bonds, from and after the Closing Date, at the rate or rates equal to the interest rate in effect from time to time on the Note as provided in the Loan Agreement and the Note, payable on each Interest Payment Date. Interest on the Bonds shall be calculated as provided in the Note and the Loan Agreement.

The Bonds shall bear interest from the date to which interest has been paid on the Bonds next preceding the date of their authentication, unless the Bonds are authenticated as of an Interest Payment Date for which interest has been paid, in which event they shall bear interest from such Interest Payment Date, or unless the Bonds are authenticated on or before the first Interest Payment Date, in which event they shall bear interest from the Closing Date.

Section 2.6. Limited Obligation of Issuer and Agent to Make Payments. The payments of principal, interest, premiums, late payment fees and all other amounts to be made on the Bonds to the Holder thereof shall be made in accordance with the terms of the Bonds. In no event, however, shall the Issuer or the Agent have any obligation to make or remit such payments to the

Holder unless and until moneys are received therefor by the Issuer or the Agent, as the case may be, from or with respect to the Loan.

Section 2.7. Corresponding Payments. The payment or prepayment of principal and interest, premiums, late payment fees and other amounts due on the Bonds 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 Note as provided in the Loan Agreement and the Note. Any payment or prepayment made by the Borrower of principal, interest, premiums, late payment fees and other amounts due on the Note shall be deemed to be like payments or prepayments of principal, interest, premiums, late payment fees and other amounts due on the Bonds. Payments or prepayments by the Borrower under the Note shall be deemed to have been constructively received by the Holder as payments or prepayments on the Bonds on the date of receipt of such payments by the Agent, and interest with respect to each principal payment or prepayment shall cease to accrue upon receipt thereof by the Agent. Payments or prepayments of principal, interest, premiums, late payment fees and other amounts due shall be remitted immediately by the Agent to the Holder. Late payment fees payable on the Note as provided in the Note and other amounts, if any, payable on the Note as provided in the Loan Agreement or the Note other than principal, interest and premium shall be retained by the Agent as additional compensation.

Section 2.8. Replacement of Bonds. Upon receipt of evidence reasonably satisfactory to the Issuer of the loss, theft, destruction or mutilation of the Bonds, or any replacement Bonds, and, in the case of any such loss, theft, or destruction, upon the delivery of an indemnity agreement reasonably satisfactory to the Issuer or, in the case of any mutilation, upon the surrender and cancellation of such mutilated Bond, the Issuer, at the expense of the Holder of such Bond, will issue a new Bond, of like tenor, in lieu of such lost, destroyed or mutilated Bond.

Section 2.9. Registration and Transferability. The Bonds shall be in fully registered form, registered in the name of the Holder upon registration books of the Issuer at the office of the Agent, such registration to be noted on the Bonds, after which no transfer shall be valid unless made in compliance with the provisions of this Section 2.9. The Bonds shall be physical certificated instruments and shall not be held in a book only entry system or registered through The Depository Trust Company.

The Bonds shall be sold, assigned, transferred or otherwise disposed of only in Authorized Denominations. The Bonds shall be transferable upon said registration books by the Holder in person or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Agent, duly executed by the registered Holder or its duly authorized attorney. Upon such transfer, the Agent will note the date of registration and the name and address of the newly registered Holder on the books of the Issuer and on the Bonds. The Issuer and the Agent may deem and treat the person in whose name the Bond is last registered upon the books of the Issuer, with such registration noted on the Bond, as the absolute owner thereof for the purpose of receiving payment of or on account of the principal, or interest, premium and late payment fees and for all other purposes; all such payments so made to the registered Holder or upon its order shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid, and the Issuer shall not be affected by any notice to the contrary.

With the exception of a transfer to an Affiliate of Holder, the Bonds (and any interests therein) shall not be sold, assigned, transferred or otherwise disposed of by the Holder or any Affiliate of the Holder unless the purchaser of the Bonds (or of any such participation interest) provides a Purchaser's Letter substantially in the form attached hereto as EXHIBIT B. The Holder shall have the right to sell the Bonds in Authorized Denominations to an Approved Institutional Buyer without the consent of the Issuer so long as any purchaser (other than an Affiliate of the Holder) provides a Purchaser's Letter substantially in the form attached hereto as EXHIBIT B. Nothing contained in this Section 2.9 shall be deemed to limit or otherwise restrict the sale by the Holder of any participation interests in the Bonds, provided that the Holder shall remain the holder of record of the Bonds following the sale of any such participation. The Holder shall provide written notice to the Issuer identifying any person or entity acquiring a participation interest in the Bonds. No sale of participations in the Bonds by the Holder shall relieve the Holder of its obligation to advance the proceeds of the Bonds when required by this Pledge and Assignment. In no case shall a purchaser of participation interests in the Bonds be deemed to be a Holder of the Bonds. The Holder may disclose to any purchasers or prospective purchasers any information or other data or material in the Holder's possession relating to the Issuer, the Bonds and the Project, without the consent of or notice to the Issuer.

Section 2.10. Circumstances of Redemption of the Bonds. The Bonds are subject to redemption upon the circumstances, on the dates and at the prices set forth as follows:

(a) [The Bonds shall be subject to redemption in whole or in part on any Interest Payment Date, at a redemption price equal to the outstanding principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, together with any applicable premium, upon optional prepayment of the Loan under the terms of the Note in whole or in part.

(b) The Bonds shall be subject to redemption in whole on any date at a redemption price equal to the outstanding principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, together with any applicable premium, upon acceleration of the Loan in whole following an Event of Default (as defined in the Loan Agreement).

(c) The Bonds shall be subject to redemption in whole or in part on any date at a redemption price equal to the outstanding principal amount of the Bonds to be redeemed plus accrued interest to the redemption date, together with any applicable premium, from the proceeds of any mandatory payment of the Loan under the terms of the Note or the Loan Agreement including any mandatory payment in connection with regularly scheduled Loan amortization, any payment of all of the principal on the "Maturity Date" under the Note, or any mandatory prepayment of all or a part of the principal of the Note on the Conversion Date.

(d) The Bonds shall be subject to redemption in whole on the Mandatory Conversion Date in the event the Conversion Date does not occur on or before the Mandatory Conversion Date (as may be extended pursuant to the terms of the Loan Agreement).]

The premium due in connection with any of the foregoing redemption provisions shall be an amount equal to any amount paid pursuant to the Note and/or the Loan Agreement in connection

with such redemption that is in excess of the principal and interest on the Bonds otherwise due on the redemption date.

The Agent shall give written notice of any redemption pursuant to this Section 2.10 (other than redemptions under clause (c) that correspond to mandatory payments in connection with regularly scheduled Loan amortization) to the Issuer within 15 Business Days of such redemption.

Section 2.11. No Notice of Redemption. No notice of redemption of the Bonds need be given to the Holder or other owners of the Bonds.

Section 2.12. Effect of Redemption. The Bonds so called for redemption shall, on the redemption date selected by the Holder become due and payable at the redemption price specified herein, and if moneys provided from the sources contemplated by this Pledge and Assignment and the Loan Agreement for payment of the redemption price are then held by the Holder, interest on the Bonds so called for redemption shall cease to accrue, said Bonds shall cease to be entitled to any lien, benefit or security under this Pledge and Assignment, and the holders of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds fully redeemed pursuant to the provisions of Section 2.10 shall be destroyed by the Agent, which shall thereupon note such destruction in the registration books maintained by the Agent pursuant to Section 2.9 of this Pledge and Assignment.

Section 2.12 Establishment of Conversion Date. The Conversion Date shall be established pursuant to the Bond Purchase Agreement. Upon Conversion, the Agent, the Holder, the Borrower and the Issuer shall execute such instruments of assignment and transfer related to the Note and the related Collateral as shall be required by the Bond Purchase Agreement; provided that CCRC must assume the obligations of Agent and Holder under this Pledge and Assignment.

ARTICLE III

SECURITY FOR THE BONDS

Section 3.1. Delivery of Collateral. To provide security for the payment of the Bonds, the Agent and the Issuer have pledged, assigned, transferred, conveyed and granted their respective right, title and interest in the Loan and other security constituting the Collateral to the Holder. In connection with such pledge, assignment, transfer and conveyance, the Agent shall deliver to the Holder the following documents or instruments promptly following their execution:

- (i) The Note endorsed without recourse by the Agent;
- (ii) An originally executed Loan Agreement and Regulatory Agreement;
- (iii) An originally executed Mortgage and all other Loan Documents constituting the Collateral existing at the time of delivery of the Note and a collateral assignment of the Mortgage from Agent to Holder, in recordable form;

(iv) Uniform Commercial Code financing statements describing any personal property forming part of the Project, in form suitable for filing and showing the Agent as secured party and the Holder as an assignee of the Agent's security interest such personal property; and

(v) Uniform Commercial Code financing statements describing the Collateral pledged under this Pledge and Assignment, and describing the Agent as secured party and the Holder as an assignee of the Agent's security interest in the Collateral;

(vi) An opinion of Bond Counsel to the effect that the interest on the Bonds, under laws in effect on the date of such opinion, is excluded from gross income for federal income tax purposes and, where applicable, for State income tax purposes; and

(vii) An opinion of counsel to the Borrower acceptable to the Agent and the Holder as to due authorization, delivery and enforceability of the Loan Documents.

The Agent and the Issuer shall deliver and deposit with the Holder such additional documents, financing statements, and instruments as the Holder may reasonably require from time to time for the better perfecting and assuring to the Holder of its lien and security interest in and to the Collateral.

Section 3.2. Agent the Mortgagee of Record. Notwithstanding the pledge, transfer and conveyance hereunder of the Loan and the other Collateral to the Holder, the Agent shall, except as otherwise provided in Section 9.2 of this Pledge and Assignment upon the occurrence of an Event of Default, be and remain the mortgagee of record for the Loan, and is fully authorized and empowered to service and administer the Loan as provided in Section 4.1 hereof.

ARTICLE IV

SERVICING THE LOAN AND THE BONDS

Section 4.1. Servicing the Loan. The Agent shall take all steps necessary to maintain its qualifications to act hereunder as mortgagee, and shall service and administer the Loan in accordance with standard mortgage banking practices, taking all steps and exercising the same degree of care and skill with respect to the Loan, the Project and the Loan Documents that it would take or exercise under the circumstances in protecting its own interests as a mortgage lender or investor therein. Except as specifically noted below, the Agent shall have full power and authority, acting alone, to do any and all things in connection with such servicing and administration of the Loan that it may deem necessary or desirable, including, without limitation, the following:

(i) The making of advances on the Loan directly to or for the account of the Borrower, pursuant to the Loan Agreement and other Loan Documents, in accordance with law and the Agent's usual practices and procedures in administering similar projects and mortgage loans.

(ii) Recording and filing of documents and statements to create, preserve and release the lien of the Mortgage on the Project and the site on which it is located, site inspections, obtaining title updates and endorsements, processing change orders, and maintaining required insurance and escrow funds.

(iii) The collection, holding and disbursement in accordance with the requirements of the Loan Documents and any applicable laws, of all payments of principal and interest due under the Loan, and any other payments or sums due under or with respect to the Loan, the Mortgage or other Loan Documents, including, without limitation, all payments for taxes, assessments, hazard insurance premiums, service charges and late payment fees, all proceeds of title and hazard insurance policies, payment and performance bonds, letters of credit, and all condemnation awards.

(iv) The preservation, administration, amendment, extension, renewal and enforcement of the Loan and the Loan Documents, and in this connection the Agent may do, or refrain from doing, all acts which are permitted under the terms of the Loan or the Loan Documents and which in its sole judgment may be appropriate; provided, however, that, except as otherwise permitted in accordance with Section 5.2 hereof upon the happening of a default by the Borrower under the Loan Agreement, the Note or the Mortgage, the Agent may not take any action that would cause interest on the Bonds to be included in the gross income of the owners thereof for purposes of federal income taxation without the prior written consent of the Issuer and the Holder or do any of the following without the prior written consent of the Holder:

(a) consent to or permit modification of the maximum face principal amount of the Loan, reduce the interest rate thereon, or extend the maturity date of the Note (except as expressly provided in the Loan Documents) or the due date of any principal payment thereof past the Maturity Date of the Bonds or the date for commencement of amortization (except as provided therein), or

(b) make or consent to any release of the Borrower from any liability under the Loan or any of the Loan Documents except as otherwise expressly contemplated under the Loan Documents.

(v) The preservation and administration of all escrow funds required by any of the Loan Documents, in accordance with the requirements of the Loan Documents.

Section 4.2. Paying Agent for the Bonds; Investments. The Agent shall serve as paying agent for the Bonds and on behalf of the Issuer, and shall remit, directly to the Holder, the payments of principal, interest, premiums, late payment fees and all other amounts due on the Bonds required by, and in accordance with, Sections 2.4, 2.5, 2.6, 2.7 and 2.10 hereof. The Agent shall invest any undisbursed Bond proceeds in Permitted Investments, as directed by the Borrower and as approved by the Holder, which approval shall not be unreasonably withheld.

Permitted Investments may be purchased at such prices as the Agent may in its discretion determine or as may be directed by written request of the Borrower, approved by the Holder, which approval shall not be unreasonably withheld, provided that, except as hereinafter provided in the next sentence, all Permitted Investments acquired with the proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of and valued (as of the date that valuation is required by the Code) at fair market value in accordance with the Tax Certificate. Investments of such proceeds that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of Section 148 of the Code).

All Permitted Investments relating to the Bonds shall be acquired subject to any additional limitations set forth in the Tax Certificate.

Section 4.3. Standard of Care. In servicing and administering the Loan and acting as a paying agent for the Bonds pursuant to Sections 4.1 and 4.2 hereof, the Agent shall act in the best interests of the Holder, but neither the Issuer nor the Agent shall be liable to the Holder or to any other person or entity if, in so servicing and administering the Loan and the Bonds, the Agent exercises that degree of ordinary prudence and skill which it would exercise under the circumstances in protecting its own interests as if it were the Holder, and further, neither the Issuer nor the Agent shall have any liability when the Agent acts, or refrains from acting, pursuant to the specific written instructions of the Holder. The Issuer shall have no liability to the Holder for actions taken by the Agent in servicing and administering the Loan or acting as paying agent for the Bonds, including, but not limited to, liability for the errors or omissions, willful misconduct or negligence of the Agent.

Section 4.4. Indemnification of Issuer by Agent. The Holder acknowledges that notwithstanding any other provision of this Pledge and Assignment, Agent is acting as an independent contractor and not as the agent of Issuer in servicing and administering the Loan. To the fullest extent permitted by law, the Agent agrees to indemnify, hold harmless and defend the Issuer and its members, officers, members, directors, officials, agents and employees and each of them (each an "Indemnified Party") 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 any act or omission on the part of Agent with respect to the servicing and administration of the Loan under this Pledge and Assignment, except to the extent that such damages are caused by the willful misconduct of such Indemnified Party. If a third party makes a claim against any Indemnified Party that may be subject to indemnification pursuant to this Section 4.4, the Indemnified Party, as appropriate, shall give prompt notice of such claim to Agent: provided, however, that the failure to provide such notice shall not release Agent from any of its obligations hereunder except to the extent Agent is prejudiced by such failure. Agent shall be entitled to assume and control the defense of such claim at its expense through counsel of its choice. The Indemnified Party, as appropriate, shall cooperate with Agent in such defense and make available to Agent any witnesses, pertinent records, materials and information in Issuer's possession as reasonably required by Agent. The Indemnified Party, as appropriate, shall have no right to settle or compromise any claim or consent to the entry of any judgment against Issuer, which is the subject of indemnification hereunder without the prior written consent of the Agent. Notwithstanding the above, Indemnified Party, as appropriate, shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Agent shall pay the fees and expenses of such separate counsel; provided, however, that the Indemnified Party, as appropriate, may only employ separate counsel at the expense of the Agent if in the judgment of the Indemnified Party, as appropriate, a conflict of interest exists or could arise by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

The provisions of this Section shall survive the termination of this Pledge and Assignment.

Nothing within this Section 4.4 shall limit the rights of an Indemnified Party to indemnity

under Section 9 of the Regulatory Agreement.

ARTICLE V

DEFAULTS ON LOAN

Section 5.1. Defaults on Loan. Except as provided in Section 5.2 hereof, upon the happening of any default by the Borrower under the Loan Agreement, the Note or the Mortgage, or any other Loan Document, after expiration of any applicable cure periods, the Agent shall (a) promptly notify in writing the Holder of the default, (b) take such action as it is directed to take by the Holder to enforce the Loan Documents, and (c) promptly apply all proceeds realized upon enforcement of the Loan Documents, if any, in the following order of priority, except to the extent that some other order of priority is required to maintain the tax-exempt status of the Bonds or in the event the Holder otherwise directs, in which case proceeds shall be applied in such order of priority:

(i) To reimburse the Agent for its losses and expenses (including reasonable attorneys' fees) incurred in taking such action to enforce the Loan Documents or as a result of an alternate cause or causes of action described in Section 5.2;

(ii) To pay to the Holder all principal outstanding on the Bonds, without preference or priority of any installment or amount of such principal over any other installment of principal;

(iii) To pay to the Holder all unpaid premium and late payment fees, without preference or priority of any installment or amount of such principal, premium or fees over any other installment of principal, premium or fees;

(iv) To reimburse the Holder for any losses or expenses incurred by it in connection with such default on the Bonds;

(v) To pay to the Holder any interest accrued on the Bonds, without preference or priority of any installment of such interest over any other installment of such interest;

(vi) To pay to the Issuer any unpaid fees or expenses.

The balance, if any, of such proceeds shall be applied in accordance with the Loan Documents, if applicable, and otherwise in accordance with the applicable law or as determined by the Agent and the Issuer.

In the event that Agent or Holder accepts a deed in lieu of a foreclosure or credit bids at the foreclosure or trustee's sale and subsequently takes title to the Project, Holder may request that the Issuer effect a termination of the Regulatory Agreement, but only in accordance with the terms of the Regulatory Agreement. In the event that the Agent accepts a deed in lieu of foreclosure or makes a credit bid at a foreclosure or trustee's sale and subsequently takes title to the Project, the Agent shall take appropriate action to cause such deed to be delivered to the Holder.

The Issuer shall have no obligation to take any action or to incur any expense with respect to any default by the Borrower and shall have no liability to the Holder, the Agent or any other person for any losses or expenses incurred as a result of such a default.

The Issuer, Agent and Holder hereby agree that the cure of any default under the Loan Agreement, the Note or the Mortgage, or any other Loan Document which is timely made by any partner of the Borrower within the same cure period granted to the Borrower shall be deemed a cure by the Borrower.

Section 5.2. Action After Consultation with Holder. Upon the happening of any default by the Borrower under the Loan Agreement, the Note, the Mortgage or any other Loan Document, after expiration of any applicable cure periods, the Agent shall notify the Holder of such circumstance. The Agent may request consent of the Holder, with a written copy of such request being delivered to the Issuer, to a course of action which is other than the enforcement of the Loan Documents but which is considered reasonable or appropriate by the Agent. Such course of action may include, but shall not be limited to, waiver of payments to any escrow or reserve required under the Mortgage or Loan Documents, deferral of payment of principal or interest on the Loan, entering into a forbearance agreement with the Borrower, and any similar work-out arrangement; provided, however, that no such course of action shall be pursued which, in the opinion of Bond Counsel, would cause interest on the Bonds to be included in gross income for purposes of federal income taxation without the prior written consent of the Issuer and the Holder. In the event the Issuer and the Holder shall approve in writing any such course of action, the Agent shall take such course of action.

Section 5.3. Losses and Expenses Upon Exercise of Rights. Any and all losses or expenses incurred in enforcing the Loan Documents, or as a result of an alternate course or courses of action approved by the Holder shall be borne by the Borrower. Such losses or expenses may include, but shall not be limited to:

(i) Subject to the non-recourse provisions set forth in the Loan Agreement, loss resulting from nonpayment of interest on or principal of the Loan or from receipt of interest at a rate other than the rate specified in the Loan Agreement.

(ii) Reimbursement of Agent for expenditures made voluntarily by it for taxes, assessments, water rates, hazard insurance and similar items with respect to the Project or the Loan, or for the completion and preservation of the Project.

(iii) Expenses of foreclosure and/or trustee's sale, and preparation therefore (including reasonable attorney's fees and court costs) in the event the Agent forecloses the Mortgage or causes a trustee's sale to be conducted thereunder, or initiates proceedings for foreclosure or trustee's sale.

(iv) Loss resulting from interest on the Bonds becoming includable in gross income for purposes of federal income taxation.

Section 5.4. Notice to Issuer. The Agent shall provide the Issuer a copy, delivered simultaneously with its delivery to other parties, of any notices given by it or delivered to it regarding the acceleration of the Loan or the foreclosure of the Mortgage.

ARTICLE VI

REPRESENTATIONS AND COVENANTS BY AGENT AND ISSUER

Section 6.1. Representations by Agent. The Agent hereby represents and warrants to the Holder that as of the date of execution of this Pledge and Assignment, the Agent is a [California state-chartered bank] duly organized and validly existing and in good standing under the laws of the [State of California], and has all requisite power and authority to enter into this Pledge and Assignment and to carry out its obligations hereunder.

Section 6.2. Representations by Issuer. The Issuer hereby represents and warrants to the Holder, that as of the date of execution of this Pledge and Assignment:

- (i) The Issuer is a political subdivision of the State of California.
- (ii) The Bonds have been duly authorized and issued in accordance with the Act and other applicable laws of the State of California, and constitute valid and binding limited obligations of the Issuer payable solely from the Collateral to the extent provided herein.
- (iii) The Issuer has all requisite power and authority to enter into this Pledge and Assignment and to carry out its obligations hereunder.
- (iv) The Issuer will not take any action or permit any action to be taken if the result of the same would be to cause any of the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code.
- (v) The Issuer will take any and all actions within its power to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.
- (vi) The Issuer will not take, or permit to be taken, any action with respect to the proceeds of the Bonds which, 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 Bonds would have caused the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.
- (vii) The Issuer will take all actions within its power to assure the exclusion of interest on the Bonds from the gross income of the owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds. In the event of a conflict between the terms of this Pledge and Assignment and the Tax Certificate, the terms of the Tax Certificate shall control.

ARTICLE VII

BOOKS AND RECORDS; REPORTS

Section 7.1. Books and Records. The Agent shall at all times keep proper books, accounts and records relating to the Loan, the Project, the Loan Documents and the Bonds in a manner conforming to normal banking practices. All such books, accounts and records shall be

accessible for inspection or duplication by the Holder or the Issuer, or their respective representatives during normal business hours or at any other reasonable times.

Section 7.2. Reports. The Agent shall issue a written report to the Holder of any material adverse condition known to the Agent which, in its reasonable judgment, could result in an Event of Default hereunder or a default under the Loan or the Loan Documents promptly upon learning of such condition. The Agent shall furnish to the Issuer, upon request to the Agent, a statement of the principal balance outstanding on the Bonds.

ARTICLE VIII

NONRECOURSE; OBLIGATIONS NOT DEBT OF ISSUER, AGENT OR STATE

Section 8.1. Limited Obligations. NEITHER THE ISSUER (NOR ANY OFFICER OR MEMBER OF THE BOARD OF SUPERVISORS THEREOF) NOR ANY PERSON EXECUTING THE BONDS, IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER AND ARE NOT A DEBT, NOR A PLEDGE OF THE FAITH AND CREDIT, OF THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NONE OF SUCH ENTITIES IS LIABLE ON THE BONDS, NOR ARE THE BONDS PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THE COLLATERAL PLEDGED AND ASSIGNED UNDER THIS PLEDGE AND ASSIGNMENT. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

The Bonds, together with the interest and premium (if any) thereon and the purchase price thereof, shall not be deemed to constitute a general debt or general liability of the Issuer, the State, any political subdivision thereof, any public agency or the Agent or a pledge of the faith and credit of the Issuer, the State, any political subdivision thereof, any public agency or the Agent within the meaning of any constitutional or statutory provisions, but shall be payable solely from the Collateral and the funds provided therefor pursuant to this Pledge and Assignment.

The Issuer shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Collateral and other moneys and assets received by the Agent on behalf of the Issuer pursuant to this Pledge and Assignment. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer is pledged to the payment of the principal (or redemption price) or interest on the Bonds. The Issuer 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 the Loan Agreement, the Bonds or this Pledge and Assignment, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Pledge and Assignment contained (except from the Collateral), against the Issuer, the Agent, any past, present or future member of their respective governing body, 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 Pledge and Assignment and the issuance of the Bonds.

It is recognized that notwithstanding any other provision of this Pledge and Assignment, that except with respect to the Collateral and proceeds thereof, neither the Agent nor any Holder shall look to the Issuer or its members, directors, officers, attorneys, accountants, financial advisors, agents or staff or any successor or public entity for monetary damages suffered by the Agent or such Holder as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under this Pledge and Assignment, the Agency Agreement, the Bonds, the Regulatory Agreement 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 Pledge and Assignment recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in this Pledge and Assignment 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 that the Issuer is obligated to perform and the performance of which the Issuer has not assigned to the Agent or any other person.

Nothing in this Section 8.1 or elsewhere in the Pledge and Assignment shall be construed as limiting any direct recourse liability of the Borrower under the Loan Documents and the liability of the applicable guarantor under the guarantee provided by or on behalf of the Borrower.

ARTICLE IX

DEFAULTS UNDER THIS PLEDGE AND ASSIGNMENT AGREEMENT

Section 9.1. Events of Default. Each of the following events shall constitute an event of default (“Event of Default”) under this Pledge and Assignment:

- (i) Any failure by the Agent to remit to the Holder any payment to be made on the Bonds in accordance with the provisions of this Pledge and Assignment or the Bonds on the due date thereof;
- (ii) If the Agent shall fail to conform or comply with any other terms or provisions of this Pledge and Assignment or the Bonds and such failure shall continue for more than thirty (30) days after notice thereof to the Agent from the Holder or, where such default is not

subject to cure within such thirty (30) day period, if the Agent within such period shall not have commenced with due diligence and dispatch the curing of such default or thereafter shall fail to prosecute and complete with due diligence and dispatch and within a reasonable time the curing of such default;

(iii) If any representation or warranty made by the Agent or by the Issuer contained in this Pledge and Assignment shall prove to have been false or incorrect in any material respect on the date as of which made;

(iv) If the Issuer shall fail or refuse to, or be unable after thirty (30) days' notice from the Agent or the Holder to perform or comply with any term or provision of this Pledge and Assignment to be performed or complied with by the Issuer;

(v) If an action or proceeding shall be brought, or judgment rendered, against or relating to the Agent or the Issuer which has the effect of substantially impairing the rights and obligations of the Agent or the Issuer hereunder or under the Bonds or with respect to the Loan;

(vi) Upon the written election of Holder, if either the Agent (during the term of its agency) or the Issuer shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file a voluntary petition in bankruptcy, or shall be adjudicated as bankrupt or insolvent, or shall file any petition or answer seeking, consenting to, or acquiescing in reorganization, arrangement, adjustment, composition, liquidation, dissolution, or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or shall fail to deny or contest the material allegations of a petition against it for any such relief, but only if any such event adversely impacts the payment of debt service on the Bonds; or

(vii) Upon the written election of Holder, if, with respect to either the Agent (during the term of its agency) or the Issuer, a trustee, receiver or liquidator of any material part of its properties or assets shall be appointed with its consent or acquiescence, or if any such appointment, if not so consented to or acquiesced in, shall remain unvacated or unstayed for ninety (90) days.

The Issuer, Agent and Holder hereby agree that the cure of any Event of Default hereunder which is timely made by any partner of the Borrower within the same cure period granted to the Borrower shall be deemed a cure by the Borrower.

Section 9.2. Remedies. If any Event of Default shall have occurred and be continuing, the Holder may give notice to the Issuer and Agent and shall have all rights, powers, and remedies with respect to the Collateral 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 Holder may proceed at law or in equity or otherwise, to the extent permitted by applicable law:

(i) to take possession of the Collateral 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 Collateral;

(ii) to become mortgagee of record for the Loan and to service and administer the same with the same power, authority and standard of care as had been provided for the Agent under Sections 4.1 and 4.3 hereof;

(iii) to service and administer the Bonds as agent and on behalf of the Issuer or otherwise, and, if applicable, to take all actions necessary to enforce the Loan Documents, and to take alternative courses of action, with the same power, authority and standard of care as had been provided for the Agent under Sections 4.3, 5.1, 5.2 and 5.3 hereof;

(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 of the Agent or the Issuer in the Bonds, this Pledge and Assignment, or the 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 Holder may elect.

Section 9.3. Continuance of Obligations Upon Default by Agent. Notwithstanding any other provision of this Pledge and Assignment, upon the occurrence and continuance of any Event of Default caused by or resulting from action, inaction or other condition on the part of the Agent (a) the Bonds shall for all purposes hereof remain outstanding and shall continue in full force and effect, and (b) the Holder shall have the right, in its sole discretion to, exercise such rights, powers and remedies hereunder or at law as may be required to become the mortgagee of record for the Loan and to service and administer the Loan and the Bonds, and shall thereupon service and administer the Loan as mortgagee of record, or shall have the right to retain another mortgagee to so service and administer the Loan and administer the Bonds as agent and on behalf of the Issuer, in accordance with Sections 4.1, 4.2, 4.3, 5.1, 5.2 and 5.3 hereof, until retirement of the Bonds. Further, notwithstanding any such Event of Default, the provisions set forth in Section 4.4. hereof shall continue in full force and effect.

Section 9.4. Continuance of Obligations and Servicing by Agent Upon Default by Issuer. Notwithstanding any other provision of this Pledge and Assignment, upon the occurrence and continuance of any Event of Default caused by or resulting from action, inaction or other condition on the part of the Issuer, and not caused by action, inaction or other condition on the part of the Agent, then, unless otherwise specified to the contrary by the Holder (a) the Bonds shall, to the extent possible under the law and in the best interests of the Holder, for all purposes remain outstanding and shall continue in full force and effect, (b) the Holder shall not take possession of the Collateral, become mortgagee of record for the Loan or otherwise exercise its remedies hereunder or at law, and (c) the Agent shall, to the extent possible under the law and in the best interests of the Holder, continue to service the Loan as mortgagee of record and continue to service and administer the Bonds as agent and on behalf of the Issuer in accordance herewith until retirement of the Bonds.

Section 9.5. Holder Authorized to Execute Assignments, Etc. Subject to Section 2.9 hereof, the Issuer and the Agent each hereby irrevocably appoints the Holder the true and lawful attorney of such party, in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or other disposition of the Bonds for the enforcement of this Pledge and Assignment and the Bonds, to execute and deliver all assignments and other instruments as the

Holder may consider necessary or appropriate, with full power of substitution, the Issuer and the Agent each hereby ratifying and confirming all that its said attorney or any substitute shall lawfully do by virtue hereof. If so requested thereafter by the Holder, the Issuer or the Agent shall ratify and confirm any such sale, assignment, transfer or other disposition by executing and delivering to the Holder all proper assignments, releases and other instruments as may be designated in any such request. Notwithstanding the foregoing, the Holder shall not have the right to delegate the Holder's obligation to make advances to the Agent for the account of the Issuer.

Section 9.6. Waiver of Appraisal, Evaluation, Etc. The Issuer and the Agent each hereby waives, to the full extent it may lawfully do so, the benefit of all appraisal, evaluation, stay, extension and redemption laws now or hereafter in force and all rights of marshaling in the event of any sale hereunder or any taking of possession by the Holder, of the Collateral or any part thereof or any interest therein.

Section 9.7. Application of Proceeds of Sale. The proceeds of any sale hereunder of the Collateral or any part thereof or any interest therein shall be applied in the order of priorities set forth in Section 5.1 hereof.

Section 9.8. Right of Holder to Perform Covenants of the Issuer and the Agent. If the Issuer or the Agent shall fail to take any action or to perform any obligation required of it hereunder following written notice from the Holder of not less than five (5) Business Days, the Holder, without further notice to or demand upon the Issuer or the Agent and without waiving or releasing of any obligation or default, may (but shall be under no obligation to) at any time thereafter take such action or perform such obligation for the account of the Issuer or the Agent and, in the case of the Agent, at the Agent's expense. All sums paid by the Holder or costs incurred (including, without limitation, reasonable attorneys' fees and expenses) together with interest thereon at the maximum legal rate from the date of payment by the Holder, shall be paid by the Agent.

Section 9.9. No Waiver, Etc. No failure by the Holder to insist upon the strict performance of any term hereof or of the Bonds or the Loan Documents or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term or of any such breach. No waiver of any breach shall affect or alter this Pledge and Assignment, which shall continue in full force and effect, or the rights of the Holder with respect to any other then existing or subsequent breach.

Section 9.10. Remedies Cumulative, Etc. Each right, power and remedy of the Holder provided for in this Pledge and Assignment or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Pledge and Assignment or now or hereafter existing at law or in equity or by statute or otherwise; each such right, power or remedy may be exercised by any such person in any order or sequence; and the exercise or beginning of the exercise by any such person of any one or more of such rights, powers and remedies shall not preclude the simultaneous or later exercise of any or all such rights, powers or remedies. No failure or delay on the part of the Holder to exercise any such right, power or remedy shall operate as a waiver thereof.

ARTICLE X

MISCELLANEOUS

Section 10.1. Provisions Subject to Applicable Law. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and are intended to be limited to the extent necessary so that they will not render this Pledge and Assignment invalid, unenforceable or not entitled to be rendered, registered or filed under the provisions of any applicable law. If any term of this Pledge and Assignment or any application thereof shall be invalid or unenforceable, the remainder of this Pledge and Assignment and any other application of such term shall not be affected thereby.

Section 10.2. Governing Law; Venue. This Pledge and Assignment shall be construed in accordance with and governed by the laws of the State of California applicable to contracts made and performed in the State of California. This Pledge and Assignment shall be enforceable in the State of California, and any action arising hereunder shall (unless waived by the Issuer in writing) be filed and maintained in the Superior Court of California, County of Alameda.

Section 10.3. Compromise of Action, Etc. Any action, suit or proceeding brought by the Holder pursuant to any of the terms of this Pledge and Assignment or the Bonds or otherwise, and any claim made by the Holder hereunder or under the Bonds, may be compromised, withdrawn or otherwise dealt with by the Holder following reasonable written notice to the Issuer and the Agent and without the approval of such parties.

Section 10.4. Notices, Etc. All notices, demands, requests, consents, approvals and other instruments under this Pledge and Assignment shall be in writing and shall be deemed to have been properly given if mailed by first class registered or certified mail, postage prepaid, addressed:

(a) if to the Issuer:

County of Alameda
Housing and Community Development Department
224 W. Winton Avenue, Room 108
Hayward, CA 94544

or at such other address as the Issuer may have designated by Notice to the Agent and the Holder;

(b) if to the Agent:

Silicon Valley Bank
505 Howard Street, 3rd Floor
San Francisco, CA 94105
Attention: Community Development Finance

(c) if to the Holder prior to Conversion Date:

Silicon Valley Bank
505 Howard Street, 3rd Floor
San Francisco, CA 94105
Attention: Community Development Finance

or at such other address as the Holder may have designated by
Notice to the Issuer and the Agent.

(d) If to the Holder on or after Conversion Date:

California Community Reinvestment Corporation
100 W. Broadway, Suite 120
Glendale, CA 91207
Attention: Mary Kaiser, Executive Director

(e) If to the Borrower:

3268 San Pablo, L.P.
[_____]

With a copy to: [_____]

With a copy to: [_____]

(f) If to the Investor Limited Partner:

BWC Opportunity Fund Inc.
c/o Raymond James Tax Credit Funds, Inc.
880 Carillon Parkway
St. Petersburg, Florida 33716
Facsimile No.: 727-567-8455
Attention: Steven J. Kropf, President

With a copy to: Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109
Attn: Nathan A. Bernard, Esq.
Facsimile No.: 617-345-1000

Section 10.5. Termination. This Pledge and Assignment shall cease and terminate when the Bonds have been surrendered and finally paid and all obligations secured hereby shall have been observed.

Section 10.6. Duty of Issuer. Except for the actions set forth herein, the Issuer shall not be required hereby to take any action or incur any expense not expressly provided for herein. The Issuer shall not be obligated to take any action which might in its reasonable judgment involve it in any expense or liability unless it shall have been furnished with reasonable indemnity for the Issuer, its officers, directors and employees.

Section 10.7. Consent to Assignment. The Issuer agrees that Silicon Valley Bank shall have the right to assign all of the rights that it holds under this Pledge and Assignment, either as “Agent” or as “Holder,” to any Affiliate, successor or assign of Silicon Valley Bank or to CCRC. The Issuer will execute and deliver to Agent any documents necessary to effectuate such assignment, and will not take any action to impair Agent’s right to assign pursuant to this Section 10.7. If CCRC and the Holder shall so elect by notice to the Issuer, the Agent and the Borrower, upon the Conversion Date (as that term is defined in the Bond Purchase Agreement), CCRC shall purchase the Loan (instead of the Bonds), the Bonds shall be cancelled, the agency of the Agent shall be terminated as provided in Section 7 of the Agency Agreement, and the Issuer, the Agent and the Holder shall transfer and assign to CCRC all of their respective right, title and interest in, to and under the Note, the Loan Agreement, the Mortgage and the other Loan Documents, the Collateral and all of the other items pledged by the Issuer to the Holder pursuant to Section 3.1 hereof, other than the Issuer’s right, title and interest in, to and under the Regulatory Agreement. Upon such purchase and transfer of the Loan and Loan Documents and cancellation of the Bonds, neither the Issuer nor the Agent nor the Holder shall have any further interest in the Loan or the Loan Documents (other than the Issuer’s interest in the Regulatory Agreement), and this Pledge and Assignment shall terminate in accordance with Section 10.5 hereof, subject to the continuation of the indemnification of the Issuer by the Agent pursuant to Section 4.4 hereof, which shall survive such termination. Upon a purchase of the Loan by CCRC as described in this Section 10.7, the Issuer, the Agent and the Holder shall execute and deliver any additional documents and take any other actions that are reasonably necessary in order to effect the cancellation of the Bonds and the transfer of the Loan and Loan Documents to CCRC.

Section 10.8. Amendment of the Note. The Agent, with the consent of the Holder, may accept at any time an amended Note or a new Note delivered by the Borrower upon cancellation of the then-current Note; provided that no amendment or change to a Note affecting the payment terms of the Bonds or the nature of the basic collateral security for the performance by the Borrower of its obligations in connection with the Loan shall be valid without the consent of the Issuer and receipt by the Agent of an opinion of Bond Counsel to the effect that such amendment or change will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 10.9. Amendments, Successors and Assigns, Headings and Counterparts. Any of the terms of this Pledge and Assignment and the Bonds may be amended or waived only by an instrument signed by the Issuer, the Agent and the Holder. All of the terms of this Pledge and Assignment shall be binding upon the successors and assigns of and all persons claiming under or through the Issuer and the Agent or any such successor or assign, and shall inure to the benefit of and be enforceable by the successors and assigns of the Holder. The headings of this Pledge and Assignment are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. This Pledge and Assignment may be executed in several counterparts, each of which shall be an original, and all of which shall constitute one and the same instrument.

Section 10.10. Delivery, Consent and Direction if Agent and Holder are the Same Entity.
So long as the Agent and the Holder are the same entity, the Agent shall not be required to deliver to the Holder any notice, document, instrument or report required to be delivered by the Agent to the Holder hereunder and the Agent may take any action hereunder that the Agent is authorized to take with the consent or upon the direction of the Holder without the receipt of such consent or direction.

IN WITNESS WHEREOF, the Issuer, the Agent and the Holder have each caused this Pledge and Assignment to be executed in their respective names as of the date first above written.

Issuer:

COUNTY OF ALAMEDA

By: _____
Linda Gardner
Housing Director

[Signatures continue on following page]

Agent:

SILICON VALLEY BANK,
a California state-chartered bank,
as Agent

By: _____

Katie Fisher, Vice President

Holder:

SILICON VALLEY BANK,
a California state-chartered bank,
as Holder

By: _____

Katie Fisher, Vice President

EXHIBIT A

FORM OF BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE TRANSFERABILITY HEREOF IS RESTRICTED BY THE TERMS OF THE PLEDGE AND ASSIGNMENT DESCRIBED HEREIN, INCLUDING THE PROVISION THEREOF LIMITING OWNERSHIP OF THIS BOND TO “APPROVED INSTITUTIONAL BUYERS” (AS DEFINED IN THE PLEDGE AND ASSIGNMENT), SUBJECT TO CERTAIN EXCEPTIONS.

COUNTY OF ALAMEDA
MULTIFAMILY HOUSING REVENUE BONDS
(3268 SAN PABLO APARTMENTS) 2019 SERIES B

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>
\$[Par]	As determined in the below-defined Loan Agreement and Note	[Maturity Date]	[Closing Date]

The COUNTY OF ALAMEDA, a political subdivision of the State of California (the “Issuer”), for value received, hereby promises to pay (but only from the Collateral as that term is defined in the Master Pledge and Assignment hereinafter described) to the order of Silicon Valley Bank, or registered assign (the “Holder”), at its office in San Francisco, California, or such other place as the Holder may designate in writing, from the source and in the manner hereinafter provided, the principal sum of [WRITTEN PAR] DOLLARS (\$[Par]), or such portion thereof as is advanced by Holder to or for the account of Issuer, with interest on the unpaid balance of this Bond from the date hereof until this Bond is fully paid, at the rate computed as specified below, in any coin or currency which at the time or times of payment is legal tender for the payment of public or private debts in the United States of America. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Pledge and Assignment hereinafter mentioned.

This Bond is one of a duly authorized issue of bonds in the total authorized face amount of \$[Par], issued by the Issuer in order to provide moneys to fund a loan (the “Loan”) to be made for the account of the Issuer to 3268 San Pablo, L.P., a California limited partnership (the “Borrower”) pursuant to that certain Loan Agreement (Construction Loan Converting to Term Loan) dated [Dated Date] between Silicon Valley Bank, as agent for Issuer pursuant to that certain Master Agency Agreement between Issuer and Agent dated [Dated Date] (“Agent”), and the Borrower (“Loan Agreement”), for the purpose of financing the acquisition, construction/rehabilitation and development of a 51-unit multifamily rental housing project for seniors located in the City of Oakland, State of California, to be known as “3268 San Pablo Apartments” (the “Project”).

The obligations of the Borrower under the Loan will be evidenced by that certain Note (as defined in the Loan Agreement) in the original principal amount of \$[Par]. This Bond is secured by a Master Pledge and Assignment (the “Pledge and Assignment”), dated as of [Dated Date], by and among the Issuer, the Agent and the Holder.

This Bond shall mature on the Maturity Date set forth above, and the entire unpaid principal balance of and any accrued interest on this Bond shall be paid in full on or before such date.

This is a draw-down Bond. The principal amount of this Bond as of any given date shall be equal to (i) the total amount advanced by the Agent, on behalf of the Issuer, to the Borrower under the Note, less (ii) any payment of principal on the Bonds received by the Holder thereof. Amounts advanced to the Borrower on the Note and payments of principal on the Bonds shall be noted on the Principal Schedule attached hereto or otherwise recorded by the Holder with periodic statements provided, upon request, to the Issuer.

This Bond shall bear interest in the same manner as is provided with respect to interest on the Loan in the Note and Loan Agreement. This Bond shall bear interest from the date to which interest has been paid on the Bonds next preceding the date of its authentication, unless it is authenticated as of an Interest Payment Date for which interest has been paid, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from its Closing Date.

The payment or prepayment of the principal, interest, premium, late payment fees and other amounts due on this Bond shall be identical with and shall be made on the same terms and conditions as the payments or prepayments of principal, interest, premium, late payment fees and other amounts due on the Note. Any payments or prepayments made by the Borrower of principal, interest, premium, late payment fees and other amounts due on the Note shall be deemed to be like and corresponding payments or prepayments of principal, interest, premium late payment fees and all other amounts due on this Bond. Said payments or prepayments by the Borrower shall be deemed to have been constructively received by the Holder as payments or prepayments on this Bond on the date of receipt by the Agent under the Note, and interest on this Bond with respect to each principal payment or prepayment shall cease to accrue upon receipt thereof by the Agent. Payments or prepayments of principal, interest, premium, late payment fees and other amounts due shall be remitted to the Holder by the Agent immediately.

This Bond shall be subject to redemption as provided in the Pledge and Assignment.

This Bond (or any participation interest therein) may be sold, assigned, transferred, participated or otherwise disposed of only in Authorized Denominations (as defined in the Pledge and Assignment). This Bond (or any participation interest therein) may not be sold, assigned, transferred, participated or otherwise disposed of, in whole or in part, except upon satisfaction of the requirements of the Pledge and Assignment.

Subject to the foregoing, this Bond is transferable upon the books of the Issuer at the office of the Agent, by the registered Holder hereof in person or by its attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Agent, duly executed by the registered Holder or its duly authorized attorney. Upon such transfer, the

Agent will note the date of registration and the name and address of the newly registered Holder on the books of the Issuer and in the registration blank appearing below. The Issuer may deem and treat the person in whose name this Bond is last registered upon the books of the Agent, with such registration noted on this Bond, as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or interest and for all other purposes; all such payments so made to the registered Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and the Issuer shall not be affected by any notice to the contrary.

All of the agreements, covenants, conditions, limitations, provisions and stipulations contained in the Pledge and Assignment are hereby made a part of this Bond to the same extent and with the same effect as if they were fully set forth herein. If any payment of the principal of, premium, if any or interest hereon is not made when due in accordance with the terms and conditions of this Bond, then the Holder may at its right and option declare immediately due and payable the principal of this Bond and interest accrued hereon to the date of declaration of such default, together with any attorneys' fees incurred by the Holder in collecting or enforcing payment hereof, whether suit be brought or not, and all other sums due hereunder or under the Pledge and Assignment, notwithstanding anything to the contrary therein and payment thereof may be enforced and recovered in whole or in part, at any time, by one or more of the remedies provided in this Bond or the Pledge and Assignment.

The remedies of the Holder, as provided herein and in the Pledge and Assignment, may be pursued at the sole discretion of the Holder and may be exercised as often as occasion therefor shall occur. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Holder shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as a continuing waiver or as a bar to or waiver of any right or remedy as to a subsequent event.

This Bond may not be amended without the prior written consent of the Issuer and the Holder and the Agent.

NEITHER THE ISSUER (NOR ANY OFFICER OR MEMBER OF THE BOARD OF SUPERVISORS THEREOF) NOR ANY PERSON EXECUTING THIS BOND, IS LIABLE PERSONALLY ON THIS BOND OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF ITS ISSUANCE. THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS NOT A DEBT, NOR A PLEDGE OF THE FAITH AND CREDIT, OF THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NONE OF SUCH ENTITIES IS LIABLE ON THIS BOND, NOR IS THIS BOND PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER PLEDGED FOR THE PAYMENT THEREOF. THIS BOND DOES NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUANCE OF THIS BOND SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY

OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

Neither the Borrower, the Agent nor any Holder shall look to the Issuer or any of its directors, officers, attorneys, accountants, financial advisors, agents or staff or any successor or public entity for monetary damages suffered by the Borrower, the Agent or such Holder as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under the Pledge and Assignment, the Agency Agreement, this Bond, the Regulatory Agreement (as such term is defined in the Pledge and Assignment) 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 the Pledge and Assignment recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in the Pledge and Assignment or this Bond 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 Agent or any other person.

It is intended that this Bond is made with reference to and shall be construed as a contract governed by the laws of the State of California.

In the event of any inconsistency between the provisions of this Bond and the provisions of the Pledge and Assignment, the provisions of the Pledge and Assignment shall be controlling.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required to exist, happen and be performed precedent to or in the issuance of this Bond do exist, have happened and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed on its behalf by the facsimile signature of the President of the Board of Supervisors and attested by the facsimile signature of the Clerk of the Board of Supervisors, all as of the Dated Date set forth above.

COUNTY OF ALAMEDA

By: _____
President of the Board of Supervisors

Attest: _____
Clerk of the Board of Supervisors

PROVISIONS AS TO REGISTRATION

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

<u>Date of Registration</u>	<u>Name of Registered Holder</u>	<u>Signature of Agent</u>
[Closing Date]	Silicon Valley Bank	

PRINCIPAL SCHEDULE

<u>Date</u>	<u>Amount Advanced on the Loan</u>	<u>Principal Paid on the Bond</u>	<u>Current Principal of the Bond</u>	<u>Signature of Agent</u>

EXHIBIT B

FORM OF PURCHASER'S LETTER

_____, 20__

County of Alameda
Hayward, California

Silicon Valley Bank,
as Agent
[____], California

Re: County of Alameda Multifamily Housing Revenue Bonds (3268 San Pablo Apartments)
2019 Series B

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby acknowledges receipt, [as transferee from the previous owner thereof], of the above-referenced bonds (the "Bonds"), dated [____], 2019, and bearing interest from the date thereof, in fully registered form and in the aggregate face amount (maximum principal amount) of \$[Par], constituting all of the Bonds currently outstanding. The Bonds have been checked, inspected and approved by the Purchaser.

The Purchaser acknowledges that the Bonds were issued for the purpose of making a mortgage loan to assist in the financing of the acquisition, construction/rehabilitation and development of a certain multifamily rental housing development located in the City of Oakland (the "Project"), as more particularly described in that certain Loan Agreement (Construction Loan Converting to Term Loan) , dated as of [Dated Date] (the "Loan Agreement") by and between Silicon Valley Bank in its capacity as agent (the "Agent") for the County of Alameda (the "Issuer") and as the lender thereunder, and 3268 San Pablo, L.P., a California limited partnership (the "Borrower"). The undersigned further acknowledges that the Bonds are secured by a certain Master Pledge and Assignment dated as of [Dated Date] (the "Pledge and Assignment"), between the Issuer, the Agent and Silicon Valley Bank, as holder (the "Holder").

In connection with the sale of the Bonds to the Purchaser, the Purchaser hereby makes the following representations upon which you may rely:

1. The Purchaser hereby certifies that it is an "Approved Institutional Buyer" as defined in the Pledge and Assignment, and therefore has sufficient knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt municipal obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

2. The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The Bonds are being acquired by the Purchaser for its own account. The Purchaser does not presently intend to make a public distribution of, or to transfer, all or any part of the Bonds or any interests therein, other than as permitted by the Pledge and Assignment

and the Bond Purchase Agreement (as defined in the Pledge and Assignment). The Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

3. The Purchaser understands that the Bonds have not been registered under the Act. The Purchaser acknowledges that the Issuer requires that, if the Bonds are disposed of by it, current information, including all current financial statements with respect to the Project, which meets the disclosure requirements of any applicable state and federal securities laws then in effect, concerning the Bonds and the Project must be furnished to any prospective purchaser, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements. The Purchaser acknowledges that no disclosure document has been prepared in connection with the initial issuance and sale of the Bonds.

4. The Purchaser acknowledges that it is familiar with the conditions, financial and otherwise, of the Borrower and understands that the Borrower has no significant assets other than the Project for payment of the Bonds. Further, the Purchaser understands that the Bonds involve a high degree of risk. Specifically, and without in any manner limiting the foregoing, the Purchaser understands and acknowledges that, among other risks, the Bonds are payable solely from the Collateral (as defined in the Pledge and Assignment). The Purchaser has made such inquiry with respect to all of the foregoing as it believed to be desirable for its purposes and acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Project and the Bonds and the security therefor so that, as a reasonable investor, the Purchaser has been able to make its decision to purchase the Bonds.

5. It is acknowledged that no written information has been provided by the Issuer, in its capacity as Issuer, to the Purchaser with respect to the Bonds and that any written information furnished by any other party to the transaction may not fully disclose all information pertinent to the Bonds.

6. The Purchaser is not now and has never been controlled by, or under common control with, the Borrower. The Borrower has never been and is not now controlled by the Purchaser. The Purchaser has entered into no arrangements with the Borrower or with any affiliate of Borrower in connection with the Bonds, other than as disclosed to the Issuer.

7. The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds.

8. In entering into this transaction the Purchaser has not relied upon any representations or opinions made by the Issuer, in its capacity as Issuer, relating to the legal consequences or other aspects of the transaction, nor has it looked to, nor expected, the Issuer, in its capacity as Issuer, 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

transaction, or the adequacy of the funds pledged to secure repayment of the Bonds. The Purchaser has further assumed sole responsibility for obtaining such information and making such review and investigation as the Purchaser has deemed necessary or desirable in connection with its decision to purchase the Bonds. In this regard, the Purchaser has relied upon the advice of, or has consulted with, only its own advisors, the Borrower and the Borrower's affiliates.

9. The Purchaser understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the State of California or any political subdivision or taxing district thereof, including, without limitation, the Issuer; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the Issuer, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the Issuer with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Pledge and Assignment.

10. The Purchaser has been informed that the Bonds have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, (i) will not be listed on any stock or other securities exchange, and (ii) will carry no rating from any rating service.

11. The Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to compliance with the transfer restrictions set forth in Section 2.9 of the Pledge and Assignment, including the requirement for the delivery to the Issuer and the Agent of an investor's letter in the same form as this Investor's Letter, including this paragraph 11. Failure to deliver such investor's letter shall cause the purported transfer to be null and void.

12. The Purchaser agrees to indemnify and hold harmless the Issuer, in its capacity as Issuer, each officer, director, partner or employee of the Issuer, and each person who controls the Issuer within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively called the "Indemnified Parties"), against any and all losses, claims, damages, liabilities or expenses (including any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions) whatsoever arising out of any sale, transfer or other disposition of the Bonds, or any interest therein, by Purchaser in violation of the provisions of the Pledge and Assignment. No Indemnified Parties other than the Issuer, acting as Issuer and its officers and employees shall be indemnified hereunder for any losses, claims, damages or liabilities resulting from the negligence of such Indemnified Parties. No Indemnified Party shall be indemnified hereunder for any losses, claims, damages or liabilities resulting from the willful misconduct of such parties.

13. The Purchaser acknowledges and understands that, in permitting the Purchaser to purchase and own the Bonds without credit enhancement, the Issuer is relying and will continue to rely on the statements made herein.

14. The Purchaser acknowledges and understands that any transfers of the Bonds are restricted as set forth in the legend affixed to the face of the Bonds, and as set out in the Pledge

and Assignment. The Purchaser further acknowledges that it has read and understands such legend and the relevant portions of the Pledge and Assignment and agrees to comply with both.

Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Pledge and Assignment.

[INVESTOR]

By: _____
Signature

Printed Name

Title

MASTER AGENCY AGREEMENT

between

**COUNTY OF ALAMEDA,
as Issuer**

and

**SILICON VALLEY BANK,
as Agent**

Dated as of [Dated Date]

Relating to

**[\$[Par]
County of Alameda
Multifamily Housing Revenue Bonds
(3268 San Pablo Apartments) 2019 Series B**

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MASTER AGENCY AGREEMENT

THIS MASTER AGENCY AGREEMENT, dated as of [Dated Date] (this “Agreement”), between the COUNTY OF ALAMEDA, a political subdivision of the State of California (the “Issuer”), and SILICON VALLEY BANK (the “Agent”):

WITNESSETH:

WHEREAS, Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California, as amended (the “Act”) authorize the Issuer to issue revenue bonds to finance the acquisition, construction/rehabilitation and development of multifamily rental housing projects to be occupied in whole or in part by persons of low and very low income and to dedicate the revenue from such projects to the repayment of such bonds and to take such action and do all things that may be necessary or appropriate to carry out the powers and duties specifically granted to the Issuer by the Act; and

WHEREAS, the Issuer is authorized by the Act to make loans to any person, firm, partnership or corporation licensed to do business in the State of California in furtherance of the purposes and activities stated in the Act; and

WHEREAS, the Issuer has determined to engage in a program of financing the acquisition, construction and development of a multifamily rental housing project pursuant to the Act to benefit persons of low and very low income, and has determined to borrow funds for such purpose by the issuance of revenue bonds authorized by the Act and to dedicate the revenue from said program to the repayment of said bonds; and

WHEREAS, in order to raise money to provide financing to 3268 San Pablo, L.P., a California limited partnership (the “Borrower”), for the acquisition, construction and development of a 51-unit multifamily rental housing project for seniors to be located in the City of Oakland, State of California and to be known as “3268 San Pablo Apartments” (the “Project”), the Issuer has determined to issue its County of Alameda Multifamily Housing Revenue Bonds (3268 San Pablo Apartments) 2019 Series B, in the aggregate principal amount of \$[Par] (the “Bonds”), secured by a Master Pledge and Assignment dated the date hereof (the “Pledge and Assignment”), among the Issuer, the Agent and Silicon Valley Bank, and its successors in interest, as holder of the Bonds (the “Holder”); and

WHEREAS, under the Pledge and Assignment the proceeds of the Bonds will be advanced by the Holder on the same basis upon which the advance is made to the Borrower by the Agent to construct and develop the Project; and

WHEREAS, all conditions, things and acts required by the Act, and by all other laws of the State of California to exist, to have happened and to have been performed as a condition precedent to and in connection with the issuance of the Bonds exist, have happened, and have been performed in due time, form and manner as required by law, and the Issuer is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bonds for the purpose, in the manner and upon the terms therein provided; and

WHEREAS, it is necessary and desirable for the Issuer and the Agent to enter into this Agreement to provide for the appointment and duties of the Agent;

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter contained, the parties hereto agree as follows:

Section 1. Appointment of Agent. The Issuer hereby irrevocably appoints the Agent as its agent with full authority and power to act on its behalf for the purposes set forth herein and to do all other acts necessary or incidental to the performance and execution thereof. The appointment provided for in this Section 1 is coupled with an interest and is irrevocable.

Section 2. Representations of the Issuer and the Agent.

(i) The Issuer represents and warrants to the Agent that the Issuer is a public instrumentality and a political subdivision of the State, duly organized and existing under the laws of the State of California, with full power and authority to issue the Bonds and to enter into the transactions contemplated by this Agreement, the Bonds and the Pledge and Assignment.

(ii) The Agent represents and warrants to the Issuer that the Agent is a California state-chartered bank with full power and authority to enter into the transactions contemplated by this Agreement and the Pledge and Assignment and to serve as the agent of the Issuer for the purpose of making the Loan (as that term is defined in the Pledge and Assignment) to the Borrower as provided in the Loan Documents (as that term is defined in the Pledge and Assignment).

Section 3. Authority and Agreements of the Agent. The Agent is authorized and agrees to enter into, execute and deliver the Pledge and Assignment, on its own behalf, and the Loan Documents as agent for the Issuer and, pursuant to the terms thereof, advance moneys on behalf of the Issuer to fund the Loan upon satisfaction of the conditions set forth therein and otherwise to act on behalf of the Issuer as provided therein. The Agent is hereby authorized, directed and empowered to exercise all of the rights, powers and remedies of the Issuer under the Loan Agreement (as that term is defined in the Pledge and Assignment) and the other Loan Documents, and to make all determinations and exercise all options and elections thereunder, without the necessity of further advice to or consultation with, or consent or authorization by, the Issuer, and all actions taken by the Agent under the Loan Agreement or any of the other Loan Documents shall be as valid, and shall have the same force and effect, as if taken by the Issuer. The Agent agrees to provide the Issuer, from time to time upon the Issuer's request, with copies of any policies of insurance provided by the Borrower under the Loan Documents which are required to name the Issuer as an additional insured, and shall also provide to the Issuer, without any request of the Issuer, any notices given by it or delivered to it pursuant to the Loan Agreement following the commencement of any foreclosure of the Mortgage (as that term is defined in the Pledge and Assignment).

Section 4. Agent as Independent Contractor. Except as otherwise expressly set forth herein, in the performance of its duties as Agent hereunder, the Agent is an independent contractor acting in its own behalf and for its own account and without authority, express or implied, to act

for or on behalf of the Issuer in any capacity other than that of an independent contractor and in no other respect.

Section 5. Standard of Performance. The Agent will perform its duties hereunder in accordance with sound commercial banking practice, and in accordance with the Pledge and Assignment.

Section 6. Successor Agent. Anything herein to the contrary notwithstanding, any corporation or association into which the Agent may be converted or merged or with which it may be consolidated or to which it may sell or transfer its business and assets as a whole or substantially as a whole or any corporation or association resulting from any conversion, sale, merger, consolidation or transfer to which it is a party will, ipso facto, be and become successor Agent hereunder and vested with all of the title to the whole property and all the powers, discretion, immunities, privileges, obligations and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of the parties hereto. If California Community Reinvestment Corporation, a California non-profit public benefit corporation ("CCRC"), shall purchase all of the outstanding Bonds, CCRC shall, immediately upon such purchase, be and become successor Agent hereunder and shall be vested with all of the right, title and interest in and to the Collateral as provided in the Pledge and Assignment and all the powers, discretion, immunities, privileges, obligations and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of the parties hereto.

Section 7. Termination by Agent. Neither the Issuer nor the Agent may terminate this agreement so long as Agent or any Affiliate (as that term is defined in the Pledge and Assignment) of the Agent is the Holder of the Bonds. In the event the Bonds are sold, assigned, transferred or otherwise disposed of in accordance with the provisions of Sections 2.9 and 9.5 of the Pledge and Assignment, other than to an Affiliate of the Agent or CCRC, either the Issuer or the Agent may terminate this Agreement upon the terms hereinafter provided in this Section 7 by giving thirty (30) days' written notice to the other party, the Borrower, and the Holder. Such termination shall take effect, except as to the duties of the Agent under Section 8 below, upon the appointment of a successor agent by the Issuer, as directed by the Holder or other owners of the Bonds with the consent, which shall not be unreasonably withheld, of the Issuer (such consent not being required if such Agent is the subsequent Holder of all of the Bonds or an Affiliate thereof) and the execution, acknowledgment and delivery by the successor Agent of an instrument in substantially the form of this Agreement. If CCRC shall purchase the Loan and become the assignee of the rights of the lender under the Loan Documents, as provided in Section 10.7 of the Pledge and Assignment, the agency with the Agent created pursuant to this Agreement shall terminate immediately upon such purchase and assignment, without the need for any further act, deed or conveyance on the part of the parties hereto.

Section 8. Obligations of Agent in the Event of Termination. From and after the effective date of termination of this Agreement pursuant to Section 7 above, the Agent will be relieved of further responsibility in connection with the Pledge and Assignment and the Loan Documents. In the event of such termination, the Agent will pay over to the Issuer or, if the Issuer shall so direct, to any successor agent appointed by the Issuer, all moneys collected and held by it pursuant to this Agreement and/or pursuant to any other agreement, letter or arrangement relative

to the Pledge and Assignment and the Loan Documents simultaneously with such termination, and turn over to the successor agent appointed by the Issuer, as provided above, all documents and records in connection with the Pledge and Assignment and the Loan Documents simultaneously with such termination. The Agent will deliver to the successor agent a full accounting, including a statement showing the monthly payments collected by it and a statement of moneys held in escrow by it for the payment of taxes, maintenance or other charges in respect of the Pledge and Assignment and the Loan Documents simultaneous with such termination. The Agent will execute and deliver to its successor, without recourse, representation or warranty of any kind, such instruments as are required to assign to the successor all its right, title and interest in all property of whatever nature which it holds as Agent of the Issuer. Where necessary, all such instruments must be filed and/or recorded in each office where such instruments are required to be filed and/or recorded. In addition, Agent shall provide to the Issuer an opinion of counsel to the Agent to the effect that all instruments necessary to transfer to the successor agent all property held by the Agent as Agent hereunder have been duly executed and delivered.

Section 9. Term of Agreement. Unless sooner terminated as herein provided, this Agreement will continue from the date hereof until payment in full of the Bonds.

Section 10. Governing Law; Severability; Captions; Definitions. This Agreement will be construed in accordance with the laws of the State of California. In the event any provision of this Agreement is held invalid by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof. Any headings of divisions of this Agreement are solely for convenience of reference and will neither constitute a part of this Agreement nor affect its meaning, construction or effect. All capitalized terms used but not defined herein shall have the meanings given in the Pledge and Assignment.

Section 11. Regulatory Agreement Fees. The Agent acknowledges that the Borrower has an obligation to pay certain fees to the Issuer pursuant to the terms and conditions set forth in Sections 9 and 19 of the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [Dated Date], by and between the Issuer and the Borrower. In no event shall the Agent be liable to the Issuer for the failure of the Borrower to make the payments described in this Section 11. The Agent further acknowledges that in order to preserve the tax-exempt status of the Bonds, the Borrower must comply with requirements for rebate of excess investment earnings to the federal government to the extent applicable. The Agent agrees to use commercially reasonable efforts to send the Borrower a notification or reminder of its payment obligations under Sections 9 and 19 of the Regulatory Agreement and of the Borrower's obligation to rebate excess earnings by [Closing Month] 1 of each fifth year, commencing [Closing Month] 1, 2023. However, in no event shall the Agent be liable to the Issuer or the Borrower for the failure to so notify or remind the Borrower.

Section 12. Notices. Any notice provided for herein must be in writing and shall be deemed to have been given when delivered personally or when deposited in the United States mail, registered and postage prepaid, addressed as follows:

If to the Issuer:	County of Alameda Housing and Community Development Department 224 W. Winton Avenue, Room 108
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Hayward, CA 94544
or at such other address as the Issuer may have designated
by Notice to the Agent and the Holder;

If to the Agent: Silicon Valley Bank
505 Howard Street, 3rd Floor
San Francisco, CA 94105
Attention: Community Development Finance

With a copy to: Sheppard Mullin Richter & Hampton LLP
650 Town Center Drive, Fourth Floor
Costa Mesa, CA 92626
Attention: Kenneth D. Fox, Esq.

If to the Holder: Silicon Valley Bank
505 Howard Street, 3rd Floor
San Francisco, CA 94105
Attention: Community Development Finance

With a copy to: Sheppard Mullin Richter & Hampton LLP
650 Town Center Drive, Fourth Floor
Costa Mesa, CA 92626
Attention: Kenneth D. Fox, Esq.

If to the Permanent Lender: California Community Reinvestment Corporation
225 W. Broadway, Suite 120
Glendale, CA 91207
Attention: Mary Kaiser, Executive Director

With a copy to: Sheppard Mullin Richter & Hampton LLP
650 Town Center Drive, Fourth Floor
Costa Mesa, CA 92626
Attention: Kenneth D. Fox, Esq.

or at such other address as any of them may designate by notice duly given in accordance with this Section 12 to the others.

Section 13. Consent to Assignment. The Issuer agrees that Agent shall have the right to assign all of its rights under this Agreement, and under all instruments and documents executed by it as Agent of the Issuer pursuant to this Agreement, to an Affiliate of Agent, or to a subsequent Holder of all of the Bonds or an Affiliate thereof. The Issuer will execute and deliver to the Agent any documents necessary to effectuate such assignment, and will not take any action to impair Agent's right to assign such rights pursuant to this Section 13.

Section 14. Execution Counterparts. This Agreement may be executed, acknowledged and delivered in any number of counterparts. Each such counterpart will constitute an original but all of such counterparts taken together will constitute one agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Issuer and the Agent have each caused this Agreement to be executed in their respective names as of the date first above written.

Issuer

COUNTY OF ALAMEDA

By: _____

Linda M. Gardner
Housing Director

[Signatures continue on following page]

Agent

SILICON VALLEY BANK,
as Agent

By: _____
[Name/Title]

[Execution page – Master Agency Agreement – 3268 San Pablo Apartments]