
FUNDING LOAN AGREEMENT

by and among

MUFG UNION BANK, N.A.,

CITY OF SAN JOSE, CALIFORNIA,

and

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Fiscal Agent

dated as of January 1, 2022

relating to:

\$ _____

City of San José, California
Multifamily Housing Revenue Note
(Vitalia),
Series 2021F-1

and

\$ _____

City of San José, California
Multifamily Housing Revenue Note
(Vitalia),
Series 2021F-2

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FUNDING LOAN AGREEMENT

THIS FUNDING LOAN AGREEMENT, dated as of January 1, 2022 (the "Funding Loan Agreement"), is by and among MUFG UNION BANK, N.A., in its capacity as the funding lender hereunder (together with any successor to its rights, duties and obligations hereunder, the "Bank"), the CITY OF SAN JOSE, CALIFORNIA (together with any successor to its rights, duties and obligations hereunder, the "Governmental Lender") and WILMINGTON TRUST, NATIONAL ASSOCIATION, in its capacity as the fiscal agent hereunder (together with any successor to its rights, duties and obligations hereunder, the "Fiscal Agent").

For and in consideration of the mutual agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

1.1. Definitions. The following capitalized words and terms as used in this Agreement shall have the following meanings unless the context or use otherwise requires:

"Act" means Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented to apply to obligations incurred as of the Closing Date.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

"Annual City Fee" has the meaning given to it in Section 7(a) the Regulatory Agreement.

"Approved Institutional Buyer" means (a) a "qualified institutional buyer" as defined in Rule 144A promulgated under the United States Securities Act of 1933, as in effect on the date hereof (the "Securities Act"); (b) an "accredited investor" as defined in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities Act; (c) an entity that is directly or indirectly wholly owned or controlled by the Bank (being a financial institution described in (a) above); (d) an entity all of the investors in which are described in (a), (b) or (c) above; or (e) a custodian or trustee for a party described in (a), (b) or (c) above.

"Assignment of Deed of Trust" means that certain Assignment of Deed of Trust and Related Documents, dated as of January 1, 2022, executed by Governmental Lender in favor of Bank.

"Authorized City Representative" means the Governmental Lender's City Manager, Director of Housing, Director of Finance, Assistant Director of Finance, Deputy Director, Debt and Treasury Management, and any other officer or employee of the Governmental Lender designated to perform a specified act, to sign a specified document or to act generally, on behalf of the Governmental Lender by a written certificate furnished to the Fiscal Agent, which certificate is signed by an already-designated Authorized City Representative and contains the specimen signature of such other officer or employee of the Governmental Lender.

"Bank" means MUFG Union Bank, N.A., and its successors and assigns, in its capacity as the funding lender hereunder.

"Borrower" means Bascom Affordable Housing, L.P., a California limited partnership, and its successors and assigns.

"Borrower Loan" means the mortgage loan originated by the Governmental Lender to the Borrower pursuant to the terms of the Borrower Loan Agreement in the principal amount of up to \$_____, evidenced by the Borrower Note.

"Borrower Loan Agreement" means that certain Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program), dated as of January 1, 2022, by and among the Borrower, the Governmental Lender and the Bank, as amended and supplemented from time to time, pursuant to which the Borrower Loan is being made.

"Borrower Loan Documents" has the meaning given to it in the Borrower Loan Agreement.

"Borrower Notes" means, collectively, the F-1 Borrower Note and the F-2 Borrower Note.

"Borrower Representative" means any authorized signatory of the sole member/manager of the general partner of the Borrower.

"Business Day" means a day other than a Saturday or Sunday on which the Bank is open for business for the funding of corporate loans.

"CDLAC" means the California Debt Limit Allocation Committee, or any successor thereto.

"Closing Date" means January __, 2022, being the date of the initial disbursement of the Funding Loan pursuant to Section 3.4(a) of this Funding Loan Agreement.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of execution and delivery of the Funding Loan Note and (except as otherwise referenced herein) as it may be amended, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Control" shall mean, with respect to any Person, either (i) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

"Conversion Date" has the meaning given to such term in the Borrower Loan Agreement.

"County" means the County of Santa Clara, California.

"Deed of Trust" means the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Construction Trust Deed) (Multifamily Housing Back to Back Loan Program), dated as of January 1, 2022, executed by the Borrower and granting a security interest in the Development to the deed of trust trustee identified therein for the benefit of the Governmental Lender and Bank to secure the Borrower's obligations under the Borrower Note to repay the Borrower Loan, and all obligations related thereto under the Borrower Loan Agreement.

"Development" means the residential rental facility consisting of 79 units of multifamily rental housing to be located at 3090 South Bascom Avenue (to be renumbered upon building permit issuance to 3100 South Bascom Avenue) in San José, California, on the site described in the Deed of Trust and Exhibit A to the Regulatory Agreement.

"Equity Investor" means BF Bascom Apartments, LLLP, and its successors and assigns.

"Event of Default" means any of the events described as an event of default in Section 9.1 hereof.

"F-1 Borrower Note" means the Promissory Note A-1 (Construction Term Note) (Multifamily Housing Back to Back Loan Program), dated as of January 1, 2022, evidencing a portion of the Borrower Loan in the maximum principal amount of \$_____, executed by the Borrower in favor of the Governmental Lender and endorsed by the Governmental Lender without recourse to the Bank as provided herein.

"F-1 Funding Loan Note" means the promissory note evidencing a portion of the Funding Loan in the maximum principal amount of \$_____, designated the "City of San José, California Multifamily Housing Revenue Note (Vitalia), Series 2021F-1," dated the Closing Date and executed by the Governmental Lender in favor of the Bank in the form attached hereto as Exhibit A.

"F-2 Borrower Note" means the Promissory Note A-2 (Construction and Permanent Term Note) (Multifamily Housing Back to Back Loan Program), dated as of January 1, 2022, evidencing a portion of the Borrower Loan in the maximum principal amount of \$_____.

executed by the Borrower in favor of the Governmental Lender and endorsed by the Governmental Lender without recourse to the Bank as provided herein.

"F-2 Funding Loan Note" means the promissory note evidencing a portion of the Funding Loan in the maximum principal amount of \$_____, designated the "City of San José, California Multifamily Housing Revenue Note (Vitalia), Series 2021F-2," dated the Closing Date and executed by the Governmental Lender in favor of the Bank in the form attached hereto as Exhibit A.

"Fiscal Agent" means Wilmington Trust, National Association, and its successors and assigns in its capacity as the fiscal agent hereunder.

"Fiscal Agent's Fees" means the ongoing annual compensation and expenses of the Fiscal Agent payable annually in arrears on each January 1, in an amount equal to \$4,000.00 per annum.

"Funding Loan" means the loan originated hereunder by the Bank to the Governmental Lender in a principal amount of up to \$_____, evidenced by the Funding Loan Notes, for the purpose of enabling the Governmental Lender to make the Borrower Loan to the Borrower pursuant to the terms of the Borrower Loan Agreement.

"Funding Loan Agreement" means this Funding Loan Agreement, as amended and supplemented from time to time.

"Funding Loan Documents" means this Funding Loan Agreement, the Funding Loan Notes, the Borrower Loan Agreement, the Regulatory Agreement, the Tax Certificate and the Assignment of Deed of Trust.

"Funding Loan Notes" means, collectively, the F-1 Funding Loan Note and the F-2 Funding Loan Note.

"Governmental Lender" means the City of San José, California and its successors and assigns.

"Maturity Date" means January 1, 2041, which also is maturity date of the F-2 Funding Loan Note.

"Person" shall mean an individual, a corporation, a partnership, a limited liability company, a limited liability partnership, a limited partnership, a trust, an unincorporated organization or a governmental entity, or any agency or political subdivision thereof.

"Qualified Project Costs" has the meaning given to it in the Regulatory Agreement.

"Rebate Analyst" means any certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Fiscal Agent) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected by and at the expense of the Borrower, with the prior written consent of the Governmental Lender, to make the computations required by Section 9.7 of this Funding Loan Agreement and Section 2(c)(ix) of Exhibit C to the Borrower Loan Agreement.

"Regulations" means the tax regulations promulgated by the United States Department of the Treasury from time to time pursuant to the Code.

"Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of January 1, 2022, by and between the Governmental Lender and the Borrower, as amended and supplemented from time to time in accordance with its terms.

"Reserved Rights" means the Governmental Lender's rights to enforce and receive payments of money directly and for its own purposes under Exhibit "C" to, and Sections 7.24, 7.27, 7.29 and 11.4 (solely as such Sections relate to the Governmental Lender) of, the Borrower Loan Agreement, the Governmental Lender's rights to inspect and audit the books, records and premises of the Borrower and of the Development, its right to collect attorneys' fees and related expenses, its right to enforce the Borrower's covenants in the Regulatory Agreement and in the Borrower Loan Agreement to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Governmental Lender) and to pay the fees of the Governmental Lender under Sections 7 and 26 of the Regulatory Agreement, the Governmental Lender's right to receive notices and to grant or withhold consents or waivers under the Regulatory Agreement and this Funding Loan Agreement, its rights to indemnification by the Borrower under Section 7.24 of the Borrower Loan Agreement and Section 9 of the Regulatory Agreement, and its rights regarding amendments to this Funding Loan Agreement and the Regulatory Agreement in accordance with the provisions hereof and thereof.

"Requisition" shall have the meaning ascribed to it in Section 9.6(c).

"Security" shall have the meaning ascribed to it in Section 7.1.

"State" means the State of California.

"Tax Certificate" means the Certificate as to Arbitrage and Tax Compliance Procedures of the Borrower and the Governmental Lender dated the Closing Date.

"Tax Counsel" means (a) Quint & Thimmig LLP, or (b) any attorney at law or other firm of attorneys selected by the Borrower and acceptable to the Governmental Lender and Bank of nationally recognized standing in matters pertaining to the federal tax status of interest on tax exempt obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrower.

“Tax Counsel No Adverse Effect Opinion” shall mean an opinion of Tax Counsel to the effect that the taking of the action specified therein will not impair the exclusion of interest on the Funding Loan Note from gross income for purposes of federal income taxation (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

1.2. Interpretation. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Funding Loan Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

1.3. Recitals, Titles and Headings. The terms and phrases used in the recitals of this Funding Loan Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all such terms and phrases for purposes of this Funding Loan Agreement shall be determined by references to Section 1.1 hereof. The titles and headings of the articles and sections of this Funding Loan 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 and shall never be considered or given any effect in construing this Funding Loan Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

2.1. Representations and Warranties of the Governmental Lender. The Governmental Lender makes the following representations and warranties:

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

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

(c) The Funding Loan Documents to which the Governmental Lender is a party have been duly executed and delivered by the Governmental Lender and the Governmental Lender has taken such actions as are necessary to cause the Funding Loan Documents to which it is a party, when executed by the other respective parties thereto,

to be valid and binding limited obligations of the Governmental Lender, enforceable against the Governmental Lender in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally.

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

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

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

(g) The Governmental Lender will not create, authorize or approve any mortgage, pledge, lien, charge or encumbrance of any kind on the Security or any part thereof prior to or on parity with the lien of this Funding Loan Agreement, except as expressly permitted or contemplated by the Funding Loan Documents.

(h) CDLAC has provided, in its Resolution No. 21-215 adopted August 11, 2021, \$35,672,716 of the State of California's 2021 private activity bond volume cap under section 146 of the Code to the Governmental Lender for the Funding Loan Notes, and the Governmental Lender will comply with the requirements of the Code with respect to such allocation. The Governmental Lender has applied the alternative option under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue date of the Funding Loan Notes; and, in connection therewith, has included

the information on Form 8038 filed for the Funding Loan Notes that is required by section 3.03 of said Notice.

Nothing in this Funding Loan Agreement shall be construed as requiring the Governmental Lender to provide any financing for the Development other than the proceeds of the Funding Loan, or to provide sufficient moneys for all of the costs of the Development.

2.2. Representations, Warranties and Covenants of the Bank. The Bank as of the date hereof, represents, warrants and covenants that:

(a) The Bank is a national banking association, organized and existing under the laws of the United States and has full legal right, power and authority under the laws of the United States (i) to enter into this Funding Loan Agreement, the Borrower Loan Agreement and the Assignment of Deed of Trust, (ii) to perform its obligations hereunder and thereunder, and (iii) to consummate the transactions on its part contemplated by this Funding Loan Agreement and the Borrower Loan Agreement.

(b) This Funding Loan Agreement, the Borrower Loan Agreement and the Assignment of Deed of Trust have been duly executed and delivered by the Bank and, when executed by the Governmental Lender and Borrower, as applicable, will constitute valid and binding obligations of the Bank, enforceable against the Bank in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting the rights of creditors generally.

(c) The execution and delivery of this Funding Loan Agreement, the Borrower Loan Agreement and the Assignment of Deed of Trust, the performance by the Bank of its obligations hereunder and thereunder and the consummation of the transactions on its part contemplated hereby and thereby will not violate any law, regulation, rule or ordinance or any order, judgment or decree of any federal, state or local court and do not conflict with, or constitute a breach of, or a default under, any document, instrument or commitment to which the Bank is a party or by which the Bank or any of its property is bound.

(d) The Bank has not been served with and, to the knowledge of the Bank, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Bank which (i) affects or seeks to prohibit, restrain or enjoin the loaning of the amounts set forth herein to the Governmental Lender or the execution and delivery of this Funding Loan Agreement, the Borrower Loan Agreement or the Assignment of Deed of Trust, (ii) affects or questions the validity or enforceability of this Funding Loan Agreement or the Borrower Loan Agreement, or (iii) questions the power or authority of the Bank to carry out the transactions on its part contemplated by, or to perform its obligations under, this Funding Loan Agreement and the Borrower Loan Agreement.

(e) Any certificate for the benefit of Governmental Lender signed by a representative of the Bank and delivered pursuant to this Funding Loan Agreement, the other Funding Loan Documents or the Borrower Loan Agreement shall be deemed a representation and warranty by the Bank as to the statements made therein.

ARTICLE III

THE FUNDING LOAN

3.1. Closing of the Funding Loan. The closing of the Funding Loan shall not occur until the following conditions are met:

(a) the Bank shall have received an original executed counterpart of this Funding Loan Agreement, the Funding Loan Notes, the Assignment of Deed of Trust, the Regulatory Agreement, the Deed of Trust, the original of the Borrower Note endorsed by the Governmental Lender without recourse to the Bank, and all the Borrower Loan Documents;

(b) no Event of Default nor any event which with the passage of time and/or the giving of notice would constitute an Event of Default under this Funding Loan Agreement shall have occurred;

(c) the conditions to the closing of the Borrower Loan, the issuance of the Borrower Notes and the initial disbursement of the Borrower Loan as set forth in Sections 4.1, 4.2 (including, but not limited to, Sections 4.2.2, 4.2.3, 4.2.6(a), 4.2.6(b), and 4.2.9), and 5.1.1 of the Borrower Loan Agreement, shall have been satisfied in full;

(d) counsel to the Borrower shall have delivered an opinion in form satisfactory to counsel to the Governmental Lender and counsel to the Bank regarding the enforceability against the Borrower of the Borrower Loan Documents to which the Borrower is a party;

(e) the initial owner of the Funding Loan Notes shall have executed and delivered a letter in the form of Exhibit B hereto; and

(f) all legal matters incident to the transactions contemplated by this Funding Loan Agreement shall be concluded to the reasonable satisfaction of Tax Counsel, counsel to the Governmental Lender and counsel to the Bank.

3.2. Commitment to Execute the Funding Loan Note. The Governmental Lender agrees to execute, and cause the Fiscal Agent to authenticate and deliver, the Funding Loan

Notes simultaneously with the execution of this Funding Loan Agreement, the Borrower Loan Agreement, the Borrower Notes, the Tax Certificate and the Regulatory Agreement.

3.3. Amount and Source of Funding Loan. The Bank hereby makes to the Governmental Lender and agrees to fund, and the Governmental Lender hereby accepts from the Bank, upon the terms and conditions set forth herein, the Funding Loan in an aggregate principal amount of up to \$_____, and agrees to have the proceeds of the Funding Loan applied and disbursed in accordance with the provisions of this Funding Loan Agreement.

3.4. Disbursement of Funding Loan Proceeds.

(a) The Bank and the Governmental Lender hereby authorize and direct the funding and disbursement by the Bank of the initial principal amount of the Funding Loan in the amount of \$50,001.00 on the Closing Date, subject to the satisfaction of all the conditions specified in Section 3.1 above. On the date of execution and delivery of the Funding Loan Notes, and the date of execution and delivery of the Borrower Notes, such initial proceeds of the Funding Loan shall be disbursed by the Bank, on behalf of the Governmental Lender, to the title escrow agent for the closing of the Borrower Loan to fund the Borrower Loan under and as provided in Section 5.1.2 of the Borrower Loan Agreement. The Fiscal Agent shall record the amount of such initial disbursement in its records as to the first advance of the principal of the Note.

(b) The Bank and the Governmental Lender hereby authorize and direct the funding and disbursement of the remaining principal amount of the Funding Loan (not referenced in Section 3.4(a) above) by the Bank, on behalf of the Governmental Lender, from draws on the F-2 Funding Loan Note and, after the F-2 Funding Loan Note is fully drawn, the F-1 Funding Loan Note to pay Project Costs (as defined in the Regulatory Agreement) directly to the Fiscal Agent to fund the remaining principal of the Borrower Loan under and as provided in, and subject to the provisions of, Section 5 of the Borrower Loan Agreement (other than Section 5.1.1).

(c) Prior to the Conversion Date, Bank shall disburse directly to Bank on the first Business Day of each month, the accrued interest under the Funding Loan and Bank will provide Fiscal Agent with written notice of the amount disbursed pursuant to this Section 3.4(c) within three (3) Business Days of any such disbursement.

(d) None of the Bank, the Governmental Lender or the Fiscal Agent shall be responsible for the application by the Borrower of monies disbursed to the Borrower in accordance with this Section 3.4.

(e) From and after the earlier of (i) the Conversion Date (as defined in the Borrower Loan Agreement), or (ii) the date that is three years after the Closing Date, no further advances of the Funding Loan shall occur; provided, however, that upon the written consent of the Bank and the delivery of a Tax Counsel No Adverse Effect Opinion to the Governmental Lender and the Bank as contemplated by Section 5.6 of the Borrower Loan Agreement, such last date to

advance funds may be changed to a later date as specified in such Tax Counsel No Adverse Effect Opinion.

(f) The Bank shall maintain a ledger indicating amount advanced on the Funding Loan; and, absent manifest error, such ledger shall be conclusive evidence of the amounts so advanced. The Bank shall provide, upon written request of the Governmental Lender or the Fiscal Agent, a written notice to the Governmental Lender or the Fiscal Agent, as applicable, describing the date of each disbursement of the Funding Loan, and the amount of each disbursement thereof made by Bank.

3.5 Payment of CDIAC Fee by Fiscal Agent. Upon receipt by the Fiscal Agent of \$_____ from Corinthian Title Company, the Fiscal Agent shall deposit such amount to the Expense Fund established by Section 9.3. Upon receipt by the Fiscal Agent of an invoice for the fee of the California Debt Investment Allocation Commission ("CDIAC"), the Fiscal Agent shall use the amount deposited to the Expense Fund to pay such amount to CDIAC.

ARTICLE IV

LIMITED LIABILITY; NOTE REGISTER

4.1. Limited Liability. All obligations and any liability of the Governmental Lender hereunder, under the Funding Loan Notes, under the other Funding Loan Documents and under the Borrower Loan Documents shall be limited, special obligations of the Governmental Lender, payable solely and only from amounts received from the Borrower under the Borrower Loan Agreement, the Borrower Notes and the other Borrower Loan Documents, as further described in Article V hereof. None of the Governmental Lender or the State or any of its political subdivisions shall be directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Funding Loan or to satisfy any other monetary obligations of the Governmental Lender under the Funding Loan Documents, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for its payment. The repayment of the Funding Loan is not secured by a pledge of the faith and credit of the Governmental Lender or the State or any of its political subdivisions nor does the Funding Loan constitute indebtedness within the meaning of any constitutional or statutory debt limitation.

4.2. Note Register. The Funding Loan Notes shall be in fully registered form. The Fiscal Agent shall maintain records (the "Note Register") as to the owner of the Funding Loan Notes. Any transfer by the Bank of its ownership of the Funding Loan Notes (or by any subsequent transferee of the Funding Loan Notes) shall be recorded by the Fiscal Agent in the Note Register.

4.3. Transfer of Funding Loan Notes. Any transfer of Funding Loan Notes shall be subject to the following requirements:

(a) The Funding Loan Notes and the Funding Loan may, in accordance with the terms of this Funding Loan Agreement but in any event subject to the provisions of Section 4.3(b) and (c) hereof, be transferred by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of the Funding Loan Notes for cancellation at the office of the Fiscal Agent, accompanied by a written instrument of transfer in a form acceptable to the Fiscal Agent, duly executed. Whenever the Funding Loan Notes shall be surrendered for transfer, the Governmental Lender shall execute and the Fiscal Agent shall authenticate and deliver to the transferee thereof new Funding Loan Notes in the name of the transferee as beneficiary thereof.

(b) Notwithstanding any other provision hereof, the Funding Loan Notes may not be registered in the name of, or transferred to, any person except an Approved Institutional Buyer that executes and delivers to the Governmental Lender and the Fiscal Agent a letter substantially in the form attached hereto as Exhibit B for each Funding Loan Note; provided, however, that no such letter is required to be executed in connection with a transfer of the Funding Loan Notes to an Affiliate of the Bank.

Nothing contained in this Section 4.3(b) shall be deemed to limit or otherwise restrict the sale by any owner of the Funding Loan Notes of any participation interests in the Funding Loan Notes; provided that (i) such owner shall remain the owner of record in the Note Register of the Funding Loan Notes following the sale of any such participation interest; (ii) the purchaser of the participation interest is an Approved Institutional Buyer; (iii) any such participation shall be in a principal amount of at least \$250,000 or, if less, the then outstanding aggregate principal amount of the Funding Loan Notes; and (iv) the purchaser of such participation interest shall provide a letter to the Governmental Lender, the Fiscal Agent and the Bank substantially in the form of Exhibit B hereto.

(c) The Funding Loan Notes may only be transferred together, each in whole, to a single transferee.

(d) The Governmental Lender may require the payment by the entity requesting any such transfer of any tax, fee or other governmental charge required to be paid with respect to any transfer of a Funding Loan Note. The cost of printing any new Funding Loan Notes and any services rendered or any out-of-pocket expenses incurred by the Governmental Lender in connection therewith shall be paid by the transferor of the Funding Loan Notes.

Notwithstanding the requirements above, it is hereby acknowledged that the F-1 Funding Loan Note is expected to mature on a date that is earlier than the Maturity Date, and that, from and after the payment in full of the F-1 Funding Loan Note, all references in the preceding paragraphs (a) through (d) of this Section 4.3 to the Funding Loan Notes shall refer solely to the F-2 Funding Loan Note.

ARTICLE V

REPAYMENT OF THE FUNDING LOAN

5.1. Funding Loan Repayment.

(a) The Funding Loan shall be evidenced by the Funding Loan Notes, which shall be executed by the Governmental Lender in the form attached hereto as Exhibit A. The Governmental Lender agrees to pay to the Bank, but only from amounts received by the Governmental Lender (or the Bank, in its capacity as agent for the Governmental Lender under this Funding Loan Agreement) from the Borrower pursuant to the Borrower Loan Agreement, the Borrower Notes and the other Borrower Loan Documents, principal of and interest on the Funding Loan at the times, in the manner, in the amount and at the rates of interest provided in the Funding Loan Notes and this Funding Loan Agreement.

(b) Each Funding Loan Note is intended to evidence a pass-through payment obligation, and shall provide for payment terms identical to a corresponding Borrower Note. The F-1 Funding Loan Note shall correspond in payment terms identical to the F-1 Borrower Note, and the F-2 Funding Loan Note shall correspond in payment terms identical to the F-2 Borrower Note.

(c) The Governmental Lender further agrees to cause the Borrower to pay, solely by the execution of the Borrower Loan Agreement and the assignment thereof to the Bank and appointment of the Bank as agent for the Governmental Lender under this Funding Loan Agreement, all late charges and prepayment penalties as set forth in the Funding Loan Notes, all taxes and assessments, general or special, including, without limitation, all ad valorem taxes, concerning or in any way related to the Development, or any part thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments; provided, however, that the Governmental Lender reserves the right to contest in good faith the legality of any tax or governmental charge concerning or in any way related to the Development and the Governmental Lender's obligations hereunder will be limited as provided in Sections 4.1, 5.2 and 6.14 hereof.

(d) The Governmental Lender further agrees, subject to Sections 4.1, 5.2 and 6.14 hereof, to cause the Borrower to pay to the Bank, solely by the execution of the Borrower Loan Agreement and the assignment thereof to the Bank and appointment of the Bank as agent for the Governmental Lender under this Funding Loan Agreement, on the Closing Date a loan fee equal to \$_____.

5.2. Nature of the Governmental Lender's Obligations. The Governmental Lender shall repay each Funding Loan Note, but only from amounts received by the Governmental Lender or the Bank (in its capacity as assignee of the Governmental Lender under this Funding

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

Notwithstanding the foregoing, neither the members of the City Council of the Governmental Lender nor the officers, employees or agents of the Governmental Lender shall be personally liable for the amounts owing under this Funding Loan Agreement, either of the Funding Loan Notes or any of the other Funding Loan Documents; and the Bank's remedies in the event of a default under the Funding Loan shall be limited to those remedies set forth in Section 9.3 hereof and, if a default also exists under the Borrower Loan Agreement or either of the Borrower Notes, to commence foreclosure under the Deed of Trust and the other Borrower Loan Documents and the exercise of the power of sale or other rights granted thereunder. In the event of a default hereunder or under either of the Funding Loan Notes, the Bank shall not have the right to proceed directly against the Governmental Lender or the right to obtain a deficiency judgment from the Governmental Lender after foreclosure. Nothing contained in the foregoing shall limit any rights or remedies the Governmental Lender or Bank may have against the Borrower.

ARTICLE VI

FURTHER AGREEMENTS

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

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

6.3. Books and Records. The Governmental Lender shall, solely by the execution of the Borrower Loan Agreement and the assignment thereof to the Bank, and subject to the provisions of Sections 4.1, 5.2 and 6.14 hereof, cause the Borrower to permit the Bank or its duly authorized representatives access during normal business hours to the books and records of the Borrower pertaining to the Borrower Loan and the Development, and to make such books and records available for audit and inspection, at reasonable times and under reasonable conditions to the Governmental Lender, the Bank and their duly authorized representatives, and at the sole expense of the Borrower.

6.4. Notice of Certain Events. The Governmental Lender hereby covenants to advise the Bank promptly in writing of the occurrence of any Event of Default under and as defined in the Borrower Loan Agreement, the Regulatory Agreement or the other Funding Loan Documents of which it has received written notice, or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default thereunder of which it has received written notice, in each case by transmitting to the Bank a copy of the notice of such Event of Default or event received by the Governmental Lender. In Section 7.23 of the Borrower Loan Agreement, the Borrower has agreed to advise the Governmental Lender and the Bank promptly in writing of the occurrence of any Event of Default (as defined in the Borrower Loan Agreement).

6.5. Compliance with Usury Laws. Notwithstanding any other provision of this Funding Loan Agreement, it is agreed and understood that in no event shall this Funding Loan Agreement, with respect to the Funding Loan Notes, be construed as requiring the Governmental Lender or any other person to pay interest and other costs or considerations that constitute interest under any applicable law which are contracted for, charged or received pursuant to this Funding Loan Agreement and the Funding Loan Notes in an amount in excess of the maximum amount of interest allowed under any applicable law.

In the event of any acceleration of the payment of the principal amount of the Funding Loan Notes, that portion of any interest payment in excess of the maximum legal rate of interest, if any, provided for in this Funding Loan Agreement and the Funding Loan Notes or related documents shall be cancelled automatically as of the date of such acceleration, or if theretofore paid, credited to the principal amount then owing on the Funding Loan Notes.

The provisions of this Section prevail over any other provision of this Funding Loan Agreement.

6.6. No Reliance on Governmental Lender. In entering into this Funding Loan Agreement and the Borrower Loan Agreement, the Bank has not looked to, or expected, the Governmental Lender to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Development (including the financing or management thereof) or any other matter pertaining to the merits or risks of the transactions contemplated by this Funding Loan Agreement and the Borrower Loan Agreement, or the adequacy of the funds pledged to the Bank to secure repayment of the Funding Loan Notes. The Governmental Lender has made no representations to any party relating to the Borrower, the Development, the Borrower Loan or the security or sources of payment therefor, except as expressly stated in this Funding Loan Agreement, the Borrower Loan Agreement, the Tax Certificate, Assignment of Deed of Trust and the Regulatory Agreement.

6.7. No Arbitrage. Solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, the Governmental Lender shall not take nor permit nor suffer to be taken, any action with respect to the proceeds of the Funding Loan Notes which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Funding Loan Notes to be "arbitrage bonds" within the meaning of section 148 of the Code and the Regulations promulgated thereunder. The Governmental Lender covenants, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, to cause the Borrower to rebate to the United States Treasury any amounts which are required to be rebated thereto pursuant to the Code and any regulations promulgated thereunder with respect to the Funding Loan and the Borrower shall cause payment of an amount equal to excess investment earnings with respect to the Funding Loan to the United States in accordance with the Regulations, all at the sole expense of the Borrower.

6.8. Limitation on Issuance Costs. The Governmental Lender shall assure, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, that, from the proceeds of the Funding Loan Notes received from the Bank and investment earnings thereon, an amount not in excess of two percent (2%) of the amount of the Funding Loan advanced by the Bank shall be used to pay for, or provide for the payment of costs associated with the issuance,

execution and delivery of the Funding Loan Notes. For this purpose, if the fees of the Bank are retained as a discount on the purchase of the Funding Loan Notes, such retention shall be deemed to be an expenditure of proceeds of the Funding Loan for said fees.

6.9. Federal Guarantee Prohibition. The Governmental Lender shall take no action nor, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, permit nor suffer any action to be taken if the result of the same would be to cause the Funding Loan Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

6.10. Prohibited Facilities. The Governmental Lender, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, shall assure that no portion of the proceeds of the Funding Loan shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. The Governmental Lender, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, shall assure that no portion of the proceeds of the Funding Loan shall be used for an office unless the office is located on the premises of the facilities constituting the Development and unless not more than a de minimus amount of the functions to be performed at such office is not related to the day-to-day operations of the Development.

6.11. Use Covenant. Solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, the Governmental Lender shall not use or knowingly permit the use of any proceeds of Funding Loan or any other funds of the Governmental Lender, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in the Funding Loan Notes not meeting the requirements of Section 142(d) of the Code as applicable to the Development.

6.12. Limitation of Expenditure of Proceeds. The Governmental Lender shall assure, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, that not less than 95 percent of the amount advanced on the Funding Loan, plus premium (if any) paid on the purchase of the Funding Loan Notes by the original purchaser thereof from the Governmental Lender, less any original discount, are used for Qualified Project Costs and that less than 25 percent of such amount is used for land or an interest in land.

6.13. Tax-Exempt Status of Funding Loan. The Governmental Lender covenants to and for the benefit of the Bank that, notwithstanding any other provisions of this Funding Loan Agreement or any other instrument, it will:

(a) not knowingly take or cause to be taken any action or actions, or knowingly fail to take any action or actions, which would cause the interest payable on the Funding Loan Notes to be includable in gross income for federal income tax purposes;

(b) whenever and so often as requested by Bank, the Governmental Lender (at the sole cost and expense of the Borrower) shall do and perform all acts and things permitted by law and necessarily desirable in order to assure the interest paid by the Governmental Lender on the Funding Loan Notes will be excluded from the gross income of the owner of the Funding Loan Notes for federal income tax purposes pursuant to Section 103 of the Code, except in the event where any owner of either of the Funding Loan Notes is a "substantial user" of the facilities financed with the Funding Loan or a "related person" within the meaning of Section 147(a) of the Code; and

(c) not knowingly take any action nor, solely in reliance of the covenants and representations of the Borrower in the Borrower Loan Agreement, the Regulatory Agreement and the Tax Certificate, knowingly permit or suffer any action to be taken if the result of the same would be to cause the Funding Loan Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Code of the Regulations.

For purposes of this Section 6.12 the Governmental Lender's compliance shall be based solely on matters within the Governmental Lender's knowledge and control and no acts, omissions or directions of the Borrower, the Bank or any other Persons shall be attributed to the Governmental Lender.

In complying with the foregoing covenants, the Governmental Lender may rely from time to time on an opinion of Tax Counsel.

6.14. Immunities and Limitations of Responsibility of Governmental Lender.

(a) The Governmental Lender shall be entitled to the advice of counsel, and the Governmental Lender shall be wholly protected as to action taken or omitted in reliance on such advice. The Governmental Lender may rely conclusively on any written notice or other document furnished to it hereunder or under the Borrower Loan Agreement and reasonably believed by it to be genuine. The Governmental Lender shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person, except its own officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Governmental Lender shall not be required to take any remedial action (other than the giving of notice) hereunder or under any of the other Funding Loan Documents unless indemnity in a form acceptable to the Governmental Lender is furnished for any expense or liability to be incurred in connection with such remedial action. The Governmental Lender shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the maximum rate of interest permitted under

applicable law, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the Governmental Lender may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

(b) A default by the Borrower in any of its covenants, representations and agreements in the Borrower Loan Agreement, the Regulatory Agreement or the Tax Certificate on which the Governmental Lender is relying in the various sections of this Article VI shall not be considered a default hereunder by the Governmental Lender.

(c) The Borrower has indemnified the Governmental Lender against certain acts and events as set forth in Section 7.24 of the Borrower Loan Agreement and Section 9 of the Regulatory Agreement. Such indemnities shall survive payment of the Funding Loan and discharge of this Funding Loan Agreement.

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

ARTICLE VII

SECURITY

7.1. Security for the Funding Loan. To secure the payment of the Funding Loan and the Funding Loan Notes, the Governmental Lender hereby grants, bargains, sells, conveys, assigns, transfers, hypothecates, pledges and sets over to the Bank (excepting only the Reserved Rights) a lien on and security interest in the following described property (collectively, the "Security"):

(a) All right, title and interest of the Governmental Lender in, to and under the Borrower Loan Agreement and the Borrower Notes, including, without limitation, all rents, revenues and receipts derived by the Governmental Lender from the Borrower relating to the Development and including, without limitation, all income, revenues, proceeds and other amounts to which Governmental Lender is entitled to derive from or in connection with the Development and the Borrower Loan Documents, including all amounts due under the Borrower Loan Agreement, the Borrower Notes or the other Borrower Loan Documents and all amounts obtained after the exercise of the remedies provided in the Borrower Loan Documents and all receipts credited under the provisions of the Borrower Loan Agreement against said amounts payable;

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

(c) All right, title and interest of the Governmental Lender in and to (i) the right to collect and receive net proceeds of any policy of insurance maintained pursuant to the Borrower Loan Documents; (ii) any award or payment becoming payable to Governmental Lender under the Borrower Loan Documents by reason of any condemnation of the Development, any improvements located thereon or any conveyance in lieu of condemnation; and (iii) any bankruptcy, insolvency, reorganization or condemnation proceeding involving the Borrower or any Loan Party (as defined in the Borrower Loan Agreement) with respect to the Borrower Loan Documents;

(d) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subject to the lien of this Funding Loan Agreement as additional security by Governmental Lender or anyone on its part or with its consent or which pursuant to any of the provisions hereof or the Borrower Loan Documents may come into the possession or control of the Bank; and

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

The pledge and assignment of the security interest granted in the Security pursuant to this Section 7.1 for the payment of principal of, premium, if any, and interest on the Funding Loan Notes, in accordance with its terms and provisions and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Funding Loan Note by the Governmental Lender. The Security so pledged and/or thereafter received by Governmental Lender or the Bank shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind whether in tort, contract or otherwise against Governmental Lender irrespective of whether such parties have notice thereof.

7.2. Delivery of Security. In connection with such pledge, assignment, transfer and conveyance of the Security pursuant to Section 7.1, Governmental Lender shall deliver to Bank the following documents or instruments promptly following the execution and, to the extent applicable, their recordation or filing:

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

(b) The Borrower Loan Agreement, Regulatory Agreement, Deed of Trust and other Borrower Loan Documents existing on the Closing Date and the Assignment of Deed of Trust assigning for security purposes and without recourse the Deed of Trust and Borrower Loan Documents from the Governmental Lender to the Bank;

(c) Uniform Commercial Code financing statements or other chattel security documents giving notice of Bank's status as an assignee of the Governmental Lender's security interest in any personal property forming a part of the Development; and

(d) Uniform Commercial Code financing statements giving notice of the pledge by the Governmental Lender of the Security pledged under this Funding Loan Agreement, in forms provided by the Bank.

The Governmental Lender shall deliver and deposit with the Bank such additional documents, financing statements and instruments as the Bank may reasonably request in writing from time to time for the purpose of better perfecting and assuring to the Bank its lien and security interest in and to the Security in each case in forms provided by the Bank and at the expense of the Borrower.

ARTICLE VIII

AGENCY

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

8.2. Authority of the Bank. The Bank is authorized and agrees to advance monies on behalf of the Governmental Lender to fund the Borrower Loan upon satisfaction of the conditions set forth in the Borrower Loan Agreement and otherwise to act on behalf of the Governmental Lender under the Borrower Loan Documents, except for the Reserved Rights. Except for the Reserved Rights, the Bank is hereby authorized, directed and empowered to exercise all the rights, powers or remedies of the Governmental Lender under the Borrower Loan Agreement and the other Borrower Loan Documents, and to make all determinations and exercise all options and elections thereunder, without the necessity of further advice or consultation with, or consent or authorization by, the Governmental Lender, and all actions taken by the Bank under the Borrower Loan Agreement or any of the other Borrower Loan Documents shall be valid and shall have the same force and effect, as if taken by the Governmental Lender. The Bank shall have the right to exercise any rights and remedies

conferred on the Governmental Lender pursuant to the Borrower Loan Documents (except for the Reserved Rights) as may be necessary or convenient to (i) enforce the payment of any amounts owing by Borrower under the Borrower Loan Documents and prepayments thereof, or (ii) otherwise to protect the interest of the Governmental Lender or Bank upon a default by Borrower under the Borrower Loan Documents. The Bank agrees to provide the Governmental Lender any notices given by it or delivered to it pursuant to the Borrower Loan Agreement regarding the occurrence of an Event of Default (as defined in the Borrower Loan Agreement), the acceleration of the Borrower Loan or the foreclosure of the Deed of Trust and shall provide written notice to Governmental Lender of any amendment to either of the Borrower Notes or the Borrower Loan Agreement. The Bank shall have the right to collect all payments and other amounts received by the Governmental Lender from or on behalf of the Borrower pursuant to the Borrower Loan Agreement or the other Borrower Loan Documents, including prepayments thereof, except for payments of fees owing by the Borrower to the Governmental Lender in respect of the Reserved Rights.

8.3. Successor Agent. Anything herein to the contrary notwithstanding, any corporation or association into which the Bank may be converted or merged or with which it may be consolidated or to which it may sell or transfer its business and assets as a whole or substantially as a whole or any corporation or association resulting from any conversion, sale, merger, consolidation or transfer to which it is a party will, ipso facto, be and become the Bank 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.

8.4. Consent to Assignment. The Governmental Lender agrees that Bank shall have the right to assign all of its rights under this Funding Loan Agreement, and under all instruments and documents executed by the Governmental Lender pursuant to this Funding Loan Agreement, to an Affiliate of Bank, or to a subsequent owner of all of the Funding Loan Notes and the Funding Loan as permitted under Section 4.3. The Bank will advise the Governmental Lender in writing of any such assignment and the Governmental Lender will execute and deliver to Bank any documents (at the expense of the Bank) necessary to effectuate such assignment in forms provided by the Bank, and will not take any action to impair Bank's right to assign such rights pursuant to this Section.

8.5. Power of Attorney. The Governmental Lender hereby irrevocably makes, constitutes and appoints the Bank (and any of the Bank's officers, employees or agents, as appropriate and as designated by the Bank) as the Governmental Lender's true and lawful attorney-in-fact with full power of substitution, subject to the Reserved Rights, to (a) sign in the name of the Governmental Lender any assignments, notices of default, notices of election to sell, assignments and substitutions of trustee or similar documents necessary or appropriate to enforce the remedies of the Governmental Lender under the Borrower Loan Agreement, the Borrower Notes, the Deed of Trust or any of the other Borrower Loan Documents, including complaints, motions and any other pleadings necessary to secure the appointment of a receiver

under the Deed of Trust, (b) to appear in any bankruptcy, insolvency, reorganization, condemnation or other action or proceeding, and (c) to prepare applications for, negotiate and settle claims, and collect any distribution, award or other amount becoming payable through or as the result of (i) any such proceedings, (ii) any insured or uninsured casualty loss, or (iii) any condemnation, taking or conveyance in lieu of condemnation of any of the assets that are the subject of the Borrower Loan Agreement, the Borrower Note, the Deed of Trust or the other Borrower Loan Documents. The power of attorney granted by the Governmental Lender to the Bank hereunder, being coupled with the Bank's interest in the Funding Loan, is irrevocable until all of the obligations of Governmental Lender under the Funding Loan Note have been satisfied and discharged in full.

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

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

ARTICLE IX

FUNDS AND ACCOUNTS

9.1 Authorization to Create Funds and Accounts. Except as provided in Section 9.3 hereof, no funds or accounts shall be established in connection with the Funding Loan at the time of closing and origination of the Funding Loan. The Bank and Fiscal Agent are authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation awards), if any, received by the Governmental Lender, the Bank or the Fiscal Agent, pursuant to the terms hereof or any of the other Funding Loan Documents and not immediately transferred or disbursed pursuant to the terms of the Funding Loan Documents and/or the Borrower Loan Documents.

9.2 Investment of Funds. Amounts held in any funds or accounts created under this Funding Loan Agreement shall be deposited in a deposit account, savings account or money market account with Fiscal Agent at the direction of the Borrower, subject in all cases to the restrictions of Section 6.13 hereof and of the Tax Certificate.

9.3 Establishment of Funds. There are established with the Fiscal Agent the following funds:

- (a) Note Payment Fund;
- (b) Project Fund;
- (c) Expense Fund; and
- (d) Rebate Fund.

All money required to be deposited with or paid to the Fiscal Agent for the account of the Note Payment Fund and the Project Fund shall be held by the Fiscal Agent in trust for the benefit of the Bank, and shall be subject to the lien hereof. All money required to be deposited with or paid to the Fiscal Agent for the account of the Rebate Fund or the Expense Fund shall be held by the Fiscal Agent for the benefit of the Governmental Lender and, with respect to the Expense Fund, the Fiscal Agent.

9.4 Note Payment Fund.

(a) The Governmental Lender and the Borrower shall have no interest in the Note Payment Fund or the moneys therein, which shall always be maintained by the Fiscal Agent completely separate and segregated from all other moneys held hereunder and from any other moneys of the Governmental Lender and the Borrower.

(b) The Fiscal Agent shall deposit into the Note Payment Fund any amounts received from the Borrower as payments of principal of or premium or interest on the Borrower Loan and any other amounts received by the Fiscal Agent that are subject to the lien and pledge of this Funding Loan Agreement, including any funds pledged to Bank hereunder not required to be deposited to the Expense Fund or the Rebate Fund.

(c) The Fiscal Agent shall apply all amounts on deposit in the Note Payment Fund in the following order of priority:

First, to the payment interest then due on the Funding Loan;

Second, to the payment or the prepayment of principal on the Funding Loan; and

Third, to the payment of the Funding Loan on the Maturity Date.

9.5 Expense Fund.

(a) The Fiscal Agent shall deposit in the Expense Fund the amount described in Section 3.5, and amounts required by the Regulatory Agreement or the Borrower Loan Agreement to be paid by the Borrower to the Governmental Lender or the Fiscal Agent. Amounts on deposit in the Expense Fund shall be used to pay the CDIAC fee described in Section 3.5, and otherwise the fees and expenses of the Governmental Lender and the Fiscal

Agent, as and when the same become due. In that regard, moneys in the Expense Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent to pay (i) the CDIAC fee upon receipt of an invoice therefor from CDIAC, (ii) the Annual City Fee pursuant to Section 7(a) of the Regulatory Agreement to the Government Lender as and when due, (iii) the Fiscal Agent amounts due pursuant to the definition of Fiscal Agent's Fees herein, (iv) upon receipt, to the Fiscal Agent, any amounts due to the Fiscal Agent which have not been paid, other than amounts paid in accordance with clause (iii) hereof, and (v) upon receipt, to, or at the direction of, the Governmental Lender, any amounts owing the Governmental Lender by the Borrower and then due and unpaid, other than amounts paid in accordance with clause (ii) hereof.

(b) In the event that the amounts on deposit in the Expense Fund are not equal to the amounts payable from the Expense Fund as provided in Section 9.5(a) on any date on which such amounts are due and payable, the Fiscal Agent shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within two Business Days to the Fiscal Agent of the amount of such deficiency.

(c) Written notice of any insufficiency, which results in the Governmental Lender not receiving the Annual City Fee on the applicable due date, shall be provided by the Fiscal Agent to the Governmental Lender (with a copy to the Borrower and the Bank) within one Business Day of the respective due date. Upon payment by the Borrower of such deficiency, the amounts for which such deficiency was requested shall be paid by the Fiscal Agent to the Governmental Lender.

(d) Notwithstanding anything herein to the contrary, the Fiscal Agent, on behalf of the Governmental Lender, shall prepare and submit a written invoice to the Borrower for payment of the Annual City Fee not later than 30 days prior to the due date for payment of each Annual City Fee, and shall deposit moneys received by the Borrower to the Expense Fund to be used to pay the Governmental Lender such fee.

9.6 Project Fund.

(a) Except as provided in the second sentence of Section 3.4(a) (disbursement of initial advance of Funding Loan directly to title escrow agent), and Section 3.4(c) (disbursement of Funding Loan advances prior to the Conversion Date for accrued interest on Funding Loan), all proceeds of the Funding Loan provided by the Bank shall be deposited to the Project Fund and disbursed solely as herein provided. Moneys in the Project Fund shall be disbursed to pay costs of the acquisition and construction of the Development, as provided in this Section 9.6.

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

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

(d) In connection with a Requisition:

(1) Only the signature of the Bank (and without any need for any signature by an Authorized Borrower Representative) shall be required on a Requisition during any period in which an Event of Default by the Borrower has occurred and is then continuing under and as such term is defined in the Borrower Loan Agreement (notice of which default has been given in writing by the Bank to the Fiscal Agent and the Governmental Lender, and the Fiscal Agent shall be entitled to conclusively rely on any such written notice as to the occurrence and continuation of such a default).

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

(3) The Fiscal Agent may conclusively rely on all Requisitions executed by the Borrower (except as otherwise provided in the foregoing clauses (d)(1) and (2)) and approved by the Bank, as required by this Section, as conditions of payment from the Project Fund, which Written Requisitions constitute, as to the Fiscal Agent, irrevocable determinations that all conditions to payment of the specified amounts from the Project Fund have been satisfied. All such Requisitions shall be retained by the Fiscal Agent, subject at all reasonable times to examination by the Borrower, the Governmental Lender, the Bank and the agents and representatives of each thereof upon reasonable notice to the Fiscal Agent. The Fiscal Agent is not required to inspect the Development or any work of improvement or to make any independent investigation with respect to the matters set forth in any Requisition. The Fiscal Agent is not required to obtain completion bonds, lien releases or otherwise supervise the acquisition, construction, improvement or installation of the Development.

(e) Upon receipt of each Requisition submitted by the Borrower (except as provided in Section 9.6(d)(1) and (2) for Requisitions submitted by the Bank) and approved in writing by the Bank, the Fiscal Agent shall promptly, but in any case within one Business Day, make payment from the appropriate account within the Project Fund in accordance with such Requisition. The Fiscal Agent shall have no duty to determine whether any requested

disbursement from the Project Fund complies with the terms, conditions and provisions of the Funding Loan Documents, constitutes payment of Qualified Project Costs or complies with the 97% Requirement. The approval in writing of a Requisition by the Bank shall be deemed a certification and, insofar as the Fiscal Agent and the Governmental Lender are concerned, shall constitute conclusive evidence that all of the terms, conditions and requirements of the Funding Loan Documents applicable to such disbursement have been fully satisfied or waived and the Requisition from the Borrower shall, insofar as the Fiscal Agent and the Governmental Lender are concerned, constitute conclusive evidence that the costs described in the Requisition constitute Qualified Project Costs or other permitted Development costs.

(f) The Fiscal Agent shall immediately provide written notice to the Borrower, the Bank and the Governmental Lender if there are not sufficient funds on deposit with the Fiscal Agent in the Project Fund to satisfy any Requisition as and when required by Section 9.6(e). Except as provided in the next sentence, all such payments shall be made by check or draft payable, or by wire transfer, either (i) directly to the person, firm or corporation to be paid, (ii) to the Borrower and such person, firm or corporation, or (iii) upon receipt by the Bank and the Governmental Lender of evidence that the Borrower has previously paid such amount and written direction to the Fiscal Agent as to such as evidenced by the Bank's approval of the Requisition, to the Borrower. Upon the occurrence and during the continuation of an Event of Default (as defined in the Borrower Loan Agreement) of which the Fiscal Agent has knowledge as provided herein, which is continuing under the Funding Loan Documents, with the written direction of the Bank, the Fiscal Agent may apply amounts on deposit in the Project Fund to the payment of principal of and interest on the Funding Loan, as provided in Section 9.6(d)(2). If a Requisition signed by the Borrower Representative and countersigned by the Bank is received by the Fiscal Agent, the requested disbursement shall be paid by the Fiscal Agent within one Business Day following receipt thereof by the Fiscal Agent. Upon final disbursement of all amounts on deposit in the Project Fund, the Fiscal Agent shall close the Project Fund.

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

(h) Investment income earned on amounts on deposit in the Project Fund shall be retained in and credited to and become a part of the amounts on deposit in the Project Fund.

(i) Notwithstanding the foregoing, and as acknowledged in the first sentence of Section 9.6(a), and as provided in Sections 3.4(a) and 3.4(c), certain disbursements of the Funding Loan will be made by the Bank on the Closing Date and prior to the Conversion Date directly, without the requirement to first deposit such amounts to the Project Fund.

9.7 Rebate Fund. The Fiscal Agent shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto.

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

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

(c) The Fiscal Agent shall preserve all statements, forms and explanations received from the Borrower and delivered to the Fiscal Agent related to the Rebate Fund, and all records of transactions in the Rebate Fund, until six years after the retirement of the Funding Loan Notes.

(d) The Fiscal Agent may conclusively rely on the instructions of the Borrower (based upon the report of the Rebate Analyst) with regard to any actions to be taken by it pursuant to this Section 9.7 and shall have no liability for any consequences of any failure of the Borrower or the Rebate Analyst to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided in subsections (a) and (b) above, the Fiscal Agent shall have no duty or responsibility with respect to the Rebate Fund or the Borrower's duties and responsibilities with respect thereto except to follow the Borrower's specific written instruction related thereto.

(e) If at any time during the term of this Funding Loan Agreement the Governmental Lender, the Fiscal Agent or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section, such person shall be permitted to take such action if it shall first obtain and provide to the other persons named herein, an opinion of Tax Counsel that such action is in compliance with the terms of this Funding Loan Agreement and will not impair the exclusion of interest on the Funding Loan Notes from gross income for purposes of federal income taxation.

(f) Moneys and securities held by the Fiscal Agent in the Rebate Fund shall not be deemed funds of the Governmental Lender and are not pledged or otherwise subject to any security interest in favor of the Bank to secure the repayment of the Funding Loan Note or any other obligations.

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

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

(i) The Fiscal Agent shall keep and make available to the Governmental Lender and the Borrower records concerning the investments of all funds held by the Fiscal Agent pursuant to the Funding Loan Agreement including date bought and sold, price and commission paid, and bids taken, if any, and shall keep all such records until six years after the date on which the Funding Loan Note is repaid in full in order to enable the Borrower to make the computations required under Section 148(f) of the Code.

(j) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 9.7 need not be made to the extent that neither the Governmental Lender nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on an opinion of Tax Counsel addressed to the Governmental Lender to the effect that such action will not impair the exclusion of interest on the Funding Loan Notes from gross income for purposes of federal income taxation, a copy of which shall be provided to the Fiscal Agent.

ARTICLE X

THE FISCAL AGENT

10.1 Appointment of Fiscal Agent; Acceptance. The Governmental Lender hereby appoints Wilmington Trust, National Association, as Fiscal Agent hereunder. The Fiscal Agent shall signify its acceptance of the duties and obligations imposed upon it by this Funding Loan Agreement by executing this Funding Loan Agreement.

10.2 Certain Duties and Responsibilities of Fiscal Agent.

(a) The Fiscal Agent undertakes to perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement, including but not limited to maintaining the Note Register (as defined in Section 4.2), and the funds established by Section 9.3, as provided in Sections 9.4, 9.5, 9.6 and 9.7. No implied covenants or obligations shall be read into this Funding Loan Agreement against the Fiscal Agent.

(b) If an event of default exists hereunder or under any Borrower Loan Document, the Fiscal Agent shall exercise such of the rights and powers vested in it by this Funding Loan Agreement, and subject to Section 10.2(c)(4) hereof, use the same degree of care and skill in their exercise, as a prudent corporate trust officer would exercise or use under the circumstances in the conduct of corporate trust business.

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

(1) This subsection shall not be construed to limit the effect of Section 10.2(a);

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

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

(4) No provision of this Funding Loan Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it in its sole discretion.

(d) Whether or not therein expressly so provided, every provision of this Funding Loan Agreement and the other Funding Loan Documents relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent shall be subject to the provisions of this Section 10.2.

(e) The Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Funding Loan Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Funding Loan Agreement.

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

10.3 Notice of Defaults. Upon the occurrence of any Event of Default hereunder or any default under any Borrower Loan Document, and provided that the Fiscal Agent is aware of or has received written notice of the existence of such default, promptly, and in any event within 15 days, the Fiscal Agent shall transmit to the Governmental Lender, the Borrower and the Bank, with a copy to the Equity Investor, each in the manner and at the addresses for notices set forth in Section 12.2 hereof, notice of such default hereunder known to the Fiscal Agent pursuant to Section 10.4(g) hereof, unless such default shall have been cured or waived.

10.4 Certain Rights of Fiscal Agent. Except as otherwise provided in Section 10.1 hereof:

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

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

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

(d) The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Funding Loan Agreement at the request or direction of the Bank, unless the Bank shall have offered to the Fiscal Agent in writing security or indemnity reasonably satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, except costs, expenses and liabilities which are adjudicated to have resulted from its own negligence or willful misconduct;

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

case personally or by agent or attorney after reasonable notice and during normal business hours;

(f) The Fiscal Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and pay reasonable compensation thereto and the Fiscal Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(g) The Fiscal Agent shall not be required to take notice or be deemed to have notice of any Event of Default hereunder or any default under any Borrower Loan Document except for failure by the Borrower to make payments of principal, interest, premium, if any, or fee owing to the Governmental Lender pursuant to the Regulatory Agreement when due, unless the Fiscal Agent shall be specifically notified by a written notice of such default by the Governmental Lender or the Bank, and all notices or other instruments required by this Funding Loan Agreement or under any Borrower Loan Document to be delivered to the Fiscal Agent, must, in order to be effective, be delivered in writing to the Fiscal Agent, and in the absence of such written notice so delivered the Fiscal Agent may conclusively assume there is no default as aforesaid.

10.5 Not Responsible for Recitals.

(a) The recitals contained herein and in the Funding Loan Note shall be taken as the statements of the Governmental Lender, and the Fiscal Agent assumes no responsibility for their correctness. The Fiscal Agent makes no representations as to the value or condition of the any revenues pledged hereunder, the Security or any part thereof, or as to the title of the Governmental Lender thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Funding Loan Agreement or of the Funding Loan.

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

(c) The Fiscal Agent shall not be required to monitor the financial condition of the Borrower or the physical condition of the Development. Unless otherwise expressly provided, the Fiscal Agent shall be under no obligation to analyze, review or make any credit decisions with respect to any financial statements, reports, notices, certificates or documents received hereunder but shall hold such financial statements reports, notices, certificates and documents solely for the benefit of, and review by, the Bank and the Governmental Lender.

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

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

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

10.8 Compensation and Reimbursement.

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

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

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

(d) The Fiscal Agent's rights to compensation and reimbursement shall survive its resignation or removal, the payment of the Funding Loan or the Borrower Loan or the release of this Funding Loan Agreement.

10.9 Fiscal Agent Required; Eligibility. Any successor Fiscal Agent shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State of California approved in writing by the Governmental Lender and either (a) have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, (b) be a wholly owned subsidiary of a bank holding company, or a wholly owned subsidiary of a company that is a wholly owned subsidiary of a bank holding company, having a combined capital surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, have at least \$500,000,000 of trust assets under management and have a combined capital surplus of at least \$2,000,000 as set forth in its most recent published annual report of condition, or (c) be otherwise acceptable to the Bank and the Governmental Lender in their respective discretion.

10.10 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Fiscal Agent hereunder and no appointment of a successor Fiscal Agent pursuant to this Article X shall become effective until the written acceptance by the successor Fiscal Agent of such appointment.

(b) Subject to Section 10.10(a), the Fiscal Agent may resign at any time by giving 60 days' written notice thereof to the Governmental Lender, the Borrower, and the Bank. If an instrument of acceptance by a successor Fiscal Agent shall not have been delivered to the Fiscal Agent within 30 days after the giving of such notice of resignation, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(c) The Fiscal Agent may be removed at any time with 30 days' notice by (i) the Governmental Lender, with the written consent of the Bank in its reasonable discretion, (ii) the Borrower (unless the Borrower is in default under any of the Borrower Loan Documents), with the written consent of the Bank and the Governmental Lender in their respective discretion, or (iii) the Bank with the written consent of the Governmental Lender in its discretion and in any event written notice delivered to the Fiscal Agent and the Borrower.

(d) If the Fiscal Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Fiscal Agent for any cause, the Governmental Lender shall promptly appoint a successor Fiscal Agent, with the consent of the Bank, such consent to not be unreasonably withheld or delayed. In case all or substantially all of the revenues pledged hereunder and Security shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Fiscal Agent shall be so appointed by the Governmental Lender. If, within 60 days after such resignation, removal or incapability or the occurrence of such vacancy, the Governmental Lender has failed to so appoint a successor Fiscal Agent, then a successor Fiscal Agent shall be appointed by the Bank (from any of the institutions approved by the Governmental Lender, in its discretion, to serve as a fiscal agent or trustee) with written notice thereof delivered to the Governmental Lender, the Borrower and the retiring Fiscal Agent, and the successor Fiscal Agent so appointed shall, forthwith upon its acceptance of such appointment, become the successor Fiscal Agent and supersede the Fiscal Agent appointed by such receiver or Fiscal Agent. If no successor Fiscal Agent shall have been appointed by the Governmental Lender or the Bank and accepted appointment in the manner hereinafter provided, the Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(e) The retiring Fiscal Agent shall cause written notice of each resignation and each removal of the Fiscal Agent and each appointment of a successor Fiscal Agent to be provided to the Bank, the Governmental Lender and the Borrower. Each notice shall include the name of the successor Fiscal Agent and the address of the office of the successor Fiscal Agent.

10.11 Acceptance of Appointment by Successor.

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

(b) No successor Fiscal Agent shall accept its appointment unless at the time of such acceptance such successor Fiscal Agent shall be qualified and eligible under Section 10.9.

10.12 Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Fiscal Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Fiscal Agent, shall be the successor of the Fiscal Agent hereunder, provided such corporation shall be otherwise qualified and eligible under Section 10.9, without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notwithstanding the foregoing, any such successor Fiscal Agent shall cause written notice of such succession to be delivered to the Governmental Lender, the Borrower and the Bank within 10 days of such succession.

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

The Fiscal Agent is hereby authorized to appoint an additional individual or institution as a separate or co-fiscal agent hereunder, upon written notice to the Governmental Lender, the Bank and the Borrower, and with the consent of the Governmental Lender and the Bank, but

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

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

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

ARTICLE XI

EVENTS OF DEFAULT AND REMEDIES

11.1. Events of Default. Each of the following shall be an "Event of Default":

(a) The Governmental Lender shall fail to perform or observe any of its covenants or agreements contained in this Funding Loan Agreement or either of the Funding Loan Notes including the failure to pay any installment of interest or principal under either of the Funding Loan Notes, and such failure shall continue during and after the period specified in Section 11.2; or

(b) Any representation or warranty of the Governmental Lender hereunder shall be determined by the Bank to have been false in any material respect when made; or

(c) The Borrower shall fail to pay to the Governmental Lender when due the amounts required to be paid under the Borrower Loan Agreement or either of the Borrower Notes, including a failure to repay any amounts which have been previously paid but are recovered, attached or enjoined pursuant to any insolvency receivership, liquidation or similar proceedings after the expiration of any curative provision contained therein; or

(d) the occurrence of any other Event of Default under and as defined in the Borrower Loan Agreement.

11.2. Notice of Default; Opportunity to Cure. No default under Section 11.1 hereof shall constitute an Event of Default until:

(a) The Governmental Lender by registered or certified mail, shall have received notice of such default specifying the nature of the default and stating that such notice is a "Notice of Default"; and

(b) The Governmental Lender shall have had 30 days after receipt of such notice to correct the default and shall not have corrected it; provided, however, that if the default specified in the notice is of such a nature that it cannot be corrected within 30 days, such default shall not constitute an Event of Default hereunder so long as (i) the Governmental Lender or the Borrower institutes corrective action within said 30 days, and diligently pursues such action until the default is corrected, but in no event later than 60 days after the occurrence of such Event of Default, and (ii) in the opinion of the Tax Counsel to the Governmental Lender, the failure to cure said default within 30 days will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Funding Loan Notes. The Governmental Lender may, but shall not in any way be required to, correct a default on behalf of the Borrower under the Borrower Loan Agreement or the Borrower Notes.

11.3. Remedies. Whenever any Event of Default under Section 11.1 hereof shall have happened and be continuing, the Bank may take whatever remedial steps as may be allowed under the law, this Funding Loan Agreement and the other Funding Loan Documents. Upon the occurrence of an Event of Default, the Bank may (i) by notice in writing to the Governmental Lender, declare the principal of the Funding Loan Notes then outstanding, and the interest accrued and any premium thereon, to be due and payable immediately, upon any such declaration the same shall become and shall be immediately due and payable, anything in this Funding Loan Agreement or in either of the Funding Loan Notes contained to the contrary notwithstanding, and/or (ii) pursue such other remedies as are permitted under applicable law, subject in any event to the provisions of Sections 4.1, 5.2 and 6.14 hereof. Upon the occurrence and during the continuance of an Event of Default, Bank shall have all rights, powers and remedies with respect to the Security as are available under the Uniform Commercial Code applicable thereto or as available under any other applicable law at the time in effect and, without limiting the generality of the foregoing, the Bank may proceed at law or in equity or otherwise, to the extent permitted by applicable law: (a) to take possession of the Security or

any part thereof, with or without legal process, and to hold, service and administer and enforce any rights thereunder or thereto, and otherwise exercise all rights of ownership thereof, including (but not limited) the sale of all or any part of the Security; (b) to become mortgagee of record for the Borrower Loan; (c) to take such actions necessary to enforce the Borrower Loan Documents and the Funding Loan Documents on its own behalf, and to take such alternate courses of action as it may deem appropriate; or (d) to take such steps to protect and enforce its rights whether by action, suit or proceeding and equity or at law for the specific performance of any term, condition or agreement in this Funding Loan Agreement, the Funding Loan Notes or the other Funding Loan Documents or in and on the execution of any power herein granted, or for the foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as the Bank may elect, subject in any event to the Reserved Rights.

11.4. Attorneys' Fees and Expenses. If an Event of Default occurs and if the Governmental Lender or the Bank should employ attorneys or incur expenses for the enforcement of any obligation or agreement of the Governmental Lender contained herein, the Governmental Lender shall cause (solely by its execution and assignment of the Borrower Loan Agreement) the Borrower to pay on demand to the Governmental Lender or the Bank the reasonable fees of such attorneys and the reasonable expenses so incurred, including court appeals.

11.5. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bank is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Funding Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bank to exercise any remedy reserved to it in this Article XI, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

11.6. No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Funding Loan Agreement should be breached by the Governmental Lender or the Borrower and thereafter waived by the Bank, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder including any other breach of the same agreement or covenant.

11.7. Actions Under Borrower Loan Documents. Whether or not an Event of Default has occurred, the Bank, in its sole discretion, shall have the sole right to waive or forebear any term, condition, covenant or agreement in the Borrower Loan Documents applicable to the Borrower or any breach thereof, other than the covenant that would adversely impact the tax-exempt status of the interest on the Funding Loan Notes and provided that the Bank shall have no right to waive and the Governmental Lender may seek specific performance by Borrower to enforce the Reserved Rights.

11.8. Application on Money Collected. Any money collected by Bank pursuant to this Article and any other sums held by Bank as part of the Security, shall be applied in the following order, at the date or dates fixed by the Bank:

(a) First, to the payment of any and all amounts due under the Funding Loan Documents other than with respect to principal and interest accrued on the Funding Loan, including, without limitation, any amounts due to Governmental Lender or Bank;

(b) Second, to the payment of the whole amount of the Funding Loan, as evidenced by the Funding Loan Notes, then due and unpaid and respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected or sum sufficient therefor has been so collected at the rates prescribed therefore in the Funding Loan Notes) on overdue principal of and any premium on the Funding Loan so called provided, however, that partial payments of any portion of the Funding Loan shall be applied by Bank in such order priority as Bank may determine in its sole and absolute discretion; and

(c) Third, the remainder, if any to the Person(s) legally entitled thereto.

11.9. Suits to Protect the Security. The Bank shall have the power to institute and maintain such proceedings as Bank may deem expedient to prevent any impairment of the Security by any acts that may be unlawful or in violation of this Funding Loan Agreement and to protect the interest in the Security and in the rent, issues, profits, revenues and other income arising therefrom.

ARTICLE XII

MISCELLANEOUS

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

12.2. Notices. All notices, certificates or other communications shall be in writing and shall be sufficiently given and shall be deemed given on the second day following the date on which the same have been personally delivered or mailed by first class mail postage prepaid, addressed as follows:

If to the Governmental Lender: City of San José, California
Finance Department
200 East Santa Clara Street, 13th Floor Tower
San José, California 95113-1905
Attention: Debt Management
Facsimile: (408) 292-6482

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

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

If to the Borrower: Bascom Affordable Housing, L.P.
c/o Affirmed Housing Group, Inc.
13520 Evening Creek Drive N, Suite 160
San Diego, California 92128
Attention: James Silverwood, President
Facsimile No.: 858-679-9076

with a copy to: Katten Muchin Rosenman LLP
2029 Century Park East, Suite 2600
Los Angeles, CA 90067
Attention: David Cohen, Esq.

and a copy to: CFAH Housing, LLC
c/o Compass For Affordable Housing
13520 Evening Creek Drive N, Suite 160
San Diego, CA 92128
Attention: Katelyn Silverwood

and a copy to: Hobson Bernardino + Davis LLP
6060 Center Drive, 10th Floor
Los Angeles, CA 90045
Attention: Jason Hobson, Esq.

and a copy to: AHG Bascom, LLC
c/o Affirmed Housing Group, Inc.
13520 Evening Creek Drive, Suite 160
San Diego, California 92128
Attention: James Silverwood, President
Facsimile No.: 858-679-9076

and a copy to: the Equity Investor

If to the Equity Investor: BF Bascom Apartments, LLLP
c/o Boston Financial Investment Management
101 Arch Street, 13th Floor
Boston, MA 02110
Attention: Asset Management (Bascom
Apartments)

with a copy to: Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109
Attention: Nathan A. Bernard, Esq.

If to the Bank: MUFG Union Bank, N.A.,
Loan Administration Department
145 S. State College Boulevard, Suite 600
Brea, California 92821
Attention: Manager

with copy to: MUFG Union Bank, N.A.,
Community Development Finance
200 Pringle Avenue, Suite 355
MC 1-714-355
Walnut Creek, California 94596
Attention: CDF Manager

and copy to: Rutan & Tucker, LLP,
611 Anton Boulevard 14th Floor
Costa Mesa, California 92626
Attention: Patrick D. McCalla, Esq.

If to the Fiscal Agent: Wilmington Trust, National Association
650 Town Center, Suite 600
Costa Mesa, California 92626
Attention: Corporate Trust Department

Except as provided in the next paragraph, notice shall be deemed given three Business Days after the date of mailing.

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent. 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.

12.3. Assignments. Except as provided in Section 4.3, neither this Funding Loan Agreement nor the Borrower Loan Agreement may be assigned by any party hereto or thereto in whole or in part without the prior written consent of the other, which consent shall not be unreasonably withheld; and, in the case of the Governmental Lender, to the extent such assignment is not in contravention of its policies for multifamily housing revenue obligations.

12.4. Severability. If any provision of this Funding Loan Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

12.5. Execution of Counterparts. This Funding Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

12.6. Amendments, Changes and Modifications. Except as otherwise provided in this Funding Loan Agreement, this Funding Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the parties hereto. The Bank may require, as a condition to any amendment, change or modification of this Funding Loan Agreement or the other Funding Loan Documents that the Bank shall have received, at the expense of the Borrower, an opinion of Tax Counsel that such amendment shall not adversely affect the exclusion of interest on the Funding Loan Notes from gross income for purposes of federal income tax.

12.7. Governing Law. This Funding Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State.

12.8. Term of Agreement. This Funding Loan Agreement shall be in full force and effect from the date hereof until such time as the Funding Loan shall have been fully paid or provision made for such payment. Time is of the essence in this Funding Loan Agreement.

12.9. Survival of Agreement. All agreements, representations and warranties made herein shall survive the making of the Funding Loan.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, all as of the date first above written.

CITY OF SAN JOSE, CALIFORNIA,
as Governmental Lender

By: _____
Julia H. Cooper,
Director of Finance

Approved as to Legal Form:

By: _____
S. Shasta Greene,
Senior Deputy City Attorney

19021.23:J17891

[Signature Page to Funding Loan Agreement – Vitalia]

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Fiscal Agent

By: _____
Authorized Signatory

19021.23:J17891

[Signature Page to Funding Loan Agreement – Vitalia]

MUFG UNION BANK, N.A.

By: _____
Authorized Officer

19021.23:J17891

[Signature Page to Funding Loan Agreement – Vitalia]

EXHIBIT A

CITY OF SAN JOSE, CALIFORNIA
MULTIFAMILY HOUSING REVENUE NOTE
(VITALIA),
SERIES 2021F-__

dated January __, 2022

FOR VALUE RECEIVED, the City of San José, California (the "Governmental Lender"), acknowledges itself indebted and hereby promises to pay to the order of MUFG Union Bank, N.A. (the "Bank"), or its successors and assigns, the sum of _____ Million _____ Hundred _____ Thousand _____ Hundred _____ Dollars (\$_____) (the "Maximum Principal Amount"), together with interest on the advanced and unpaid principal amount of this Funding Loan Note at the same interest rate as the applicable interest rate specified in the F-__ Borrower Note (as defined in the Funding Loan Agreement referred to below), until the Governmental Lender's obligation to pay the Outstanding Balance (as hereinafter defined) shall be discharged. The Outstanding Balance shall mean the principal balance of the Funding Loan which has been advanced by the Bank under Section 3.4 of the Funding Loan Agreement described below in respect of this Funding Loan Note, and that has not been repaid by the Governmental Lender to the Bank as of the date of calculation of the Outstanding Balance. This Funding Loan Note shall be governed by and be payable in accordance with the terms and conditions of the Funding Loan Agreement, dated as of January 1, 2022 (the "Funding Loan Agreement"), among the Bank, the Governmental Lender and Wilmington Trust, National Association, in its capacity as fiscal agent ("Fiscal Agent") pursuant to which the Bank has made the Funding Loan to the Governmental Lender.

This Funding Loan Note is one of two Funding Loan Notes issued to evidence obligation of the Governmental Lender to repay the Funding Loan to the Bank. The other Funding Loan Note is designated the "City of San José, California Multifamily Housing Revenue Note (Vitalia), Series 2021F-__," issued in the aggregate principal amount of \$_____.

This Funding Loan Note is issued to evidence a portion of the Funding Loan in an amount up to the Maximum Principal Amount by the Bank to the Governmental Lender and the obligation of the Governmental Lender to repay the same, but only from amounts received by or on behalf of the Governmental Lender from Bascom Affordable Housing, L.P., a California limited partnership (the "Borrower") with respect to the F-__ Borrower Note, pursuant to a Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) dated as of January 1, 2022, by and among the Governmental Lender, the Bank and the Borrower (the "Borrower Loan Agreement") and the other Borrower Loan Documents (as defined in the Borrower Loan Agreement).

Monthly payments of principal and interest shall be payable under this Funding Loan Note to the same extent as payments of principal and interest are due and payable on the F-___ Borrower Note, as provided in the Borrower Loan Agreement. The Outstanding Balance of this Funding Loan Note shall be due and payable in its entirety on the maturity date of the F-___ Borrower Note.

The Funding Loan and this Funding Loan Note are pass-through obligations relating to the Borrower Loan made by Governmental Lender from the proceeds of the Funding Loan to the Borrower under the Borrower Loan Agreement. This Funding Loan Note shall correspond in payment terms to the F-___ Borrower Note, as provided in the Funding Loan Agreement. Reference is made to the Borrower Loan Agreement and to the F-___ Borrower Note for complete payment and prepayment terms of the F-___ Borrower Note.

In the event the Governmental Lender fails to make the timely payment of any monthly payment, and such payment remains unpaid for a period of ten (10) calendar days subsequent to the established payment date, the Governmental Lender shall pay (solely from amounts received from the Borrower as late charges under the Borrower Loan Agreement) to the Bank a late charge in the amount specified in Section 3 of the F-___ Borrower Note. If the principal balance of this Funding Loan Note is accelerated following an Event of Default (as defined in the Funding Loan Agreement), the Bank may increase the interest rate on this Funding Loan Note to the Default Rate (as defined in the Borrower Loan Agreement).

The Governmental Lender may, at any time, prepay the principal amount of this Funding Loan Note to the same extent and subject to the terms and conditions set forth in the Borrower Loan Agreement for the prepayment of the F-___ Borrower Note.

All sums due hereunder shall be paid in lawful money of the United States of America. Interest on this Funding Loan Note shall be computed as provided for in the F-___ Borrower Note. All payments made hereunder shall be credited and applied as provided in the Funding Loan Agreement.

THIS FUNDING LOAN NOTE IS A LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER, PAYABLE SOLELY FROM AND SECURED SOLELY BY THE PLEDGE AND ASSIGNMENT OF CERTAIN PAYMENTS ON THE F-___ BORROWER NOTE OR FUNDS OTHERWISE PROVIDED UNDER THE BORROWER LOAN DOCUMENTS. NONE OF THE GOVERNMENTAL LENDER OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THIS FUNDING LOAN NOTE, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THIS FUNDING LOAN NOTE. THIS FUNDING LOAN NOTE IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE GOVERNMENTAL LENDER OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DOES THIS FUNDING LOAN CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION.

THIS FUNDING LOAN NOTE AND THE REPAYMENT PROVISIONS CONTAINED HEREIN ARE SUBJECT TO THE PROVISIONS AND LIMITATIONS CONTAINED IN SECTIONS 4.1, 5.2 AND 6.14 OF THE FUNDING LOAN AGREEMENT.

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

Presentment for payment, notice of dishonor, protest or notice of protest are hereby waived. The acceptance by Bank of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the owner hereof any sum and amount less than the amount then due shall be deemed an acceptance on account only and upon condition of the acceptance shall not constitute a waiver of the obligation of Governmental Lender to pay the entire sum then due, and Governmental Lender's failure to pay such amount then due shall be and continue to be at default notwithstanding such acceptance of such amount on account thereof. Consent by the Bank to any action of Governmental Lender which is subject to approval of the Bank hereunder shall not be deemed a waiver of the right to require such consent or approval to future successive actions, waives the right to assert the defense of any statute of limitations to any debt or obligation hereunder and consents to renewals and extensions of time for payment of any amounts due under this Funding Loan Note.

This Funding Loan Note may only be transferred in accordance with the requirements of Section 4.3 of the Funding Loan Agreement, and any such transfer shall be recorded in the Note Register maintained by the Fiscal Agent.

Capitalized terms used in this Funding Loan Note but not defined herein have the meanings given to them in the Funding Loan Agreement.

IN WITNESS WHEREOF, the City of San José, California has caused this Funding Loan Note to be executed in its name and on its behalf all as of the date first written above.

CITY OF SAN JOSE, CALIFORNIA,
as Governmental Lender

By: _____
Julia H. Cooper

Director of Finance

[Signature Page of Governmental Lender to F-__ Funding Loan Note –
Vitalia]

CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: _____

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Fiscal Agent

By: _____

Its: _____

[Signature Page of Fiscal Agent to F-__ Funding Loan Note – Vitalia]

EXHIBIT B

FORM OF INVESTOR'S LETTER

City of San José
San José, California

Wilmington Trust, National Association , as Fiscal Agent
Costa Mesa, California

Re: City of San José, California Multifamily Housing Revenue Note (Vitalia), Series
2021F-___

Ladies and Gentlemen:

The undersigned (the "Holder"), being the owner of the above-referenced note (referred to herein as, the "Funding Loan Note") does hereby certify, represent and warrant for the benefit of the City of San José, California (the "Governmental Lender") that:

(a) The Holder is an Approved Institutional Buyer, as defined in Section 1.1 of the Funding Loan Agreement, dated as of January 1, 2022 (the "Funding Loan Agreement"), among the Governmental Lender, MUFG Union Bank, N.A. and Wilmington Trust, National Association, as fiscal agent.

(b) The Holder has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt obligations, and is capable of evaluating the merits and risks of its investment in the Funding Loan Note. The Holder is able to bear the economic risk of, and an entire loss of, an investment in the Funding Loan Note.

(c) The Holder is acquiring the Funding Loan Note solely for its own account for investment purposes, and does not presently intend to make a public distribution of, or to resell or transfer, all or any part of the Funding Loan Note, except as permitted by Section 4.3 of the Funding Loan Agreement.

(d) The Holder understands that the Funding Loan Note has not been registered under the Securities Act of 1933, as amended, or under any state securities laws. The Holder agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Funding Loan Note by it, and further acknowledges that any current exemption from registration of the Funding Loan Note does not affect or diminish such requirements.

(e) The Holder is familiar with the conditions, financial and otherwise, of the Borrower and understands that the Borrower has no significant assets other than the Development for payment of the Borrower Loan. Further, the Holder understands that the Funding Loan Note involves a high degree of risk. Specifically, and without in any manner limiting the foregoing, the Holder understands and acknowledges that, among other risks, the Funding Loan Note is payable solely from payments made by the Borrower on the Borrower Loan. The Holder has been provided an opportunity to ask questions of, and the Holder has received answers from, representatives of the Borrower regarding the terms and conditions of the Funding Loan Note and the Borrower Loan. The Holder has obtained all information requested by it in connection with the issuance of the Funding Loan Note as it regards necessary to evaluate all merits and risks of its investment in the Funding Loan Note. The Holder has reviewed the documents executed in conjunction with the issuance of the Funding Loan Note, including, without limitation, the Funding Loan Note, the Funding Loan Agreement, the Borrower Notes and the Borrower Loan Agreement.

(f) The Holder 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 Holder. The Holder has entered into no arrangements with the Borrower or with any affiliate in connection with the Funding Loan Note, other than as disclosed in writing to the Governmental Lender.

(g) The Holder has authority to purchase the Funding Loan Note and to execute this letter and any other instruments and documents required to be executed by the Holder in connection with its purchase of the Funding Loan Note. The individual who is signing this letter on behalf of the Holder is a duly appointed, qualified, and acting officer of the Holder and is authorized to cause the Holder to make the certificates, representations and warranties contained herein by execution of this letter on behalf of the Holder.

(h) In entering into this transaction, the Holder has not relied upon any representations or opinions of the Governmental Lender relating to the legal consequences or other aspects of its investment in the Funding Loan Note, nor has it looked to, nor expected, the Governmental Lender to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Development, including the financing or management thereof, or any other matter pertaining to the merits or risks of the transactions contemplated by the Funding Loan Agreement and the Borrower Loan Agreement, or the adequacy of the funds pledged to secure repayment of the Funding Loan Note.

(i) The Holder understands that the Funding Loan Note is not secured by any pledge of any moneys received or to be received from taxation by the Governmental Lender, the State of California or any political subdivision or taxing district thereof; that the Funding Loan Note will never represent or constitute a general obligation or a

pledge of the faith and credit of the Governmental Lender, 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 Funding Loan Note; and that the liability of the Governmental Lender with respect to the Funding Loan Note is subject to further limitations as set forth in the Funding Loan Note and the Funding Loan Agreement.

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

(k) The Holder acknowledges that it has the right to sell and transfer the Funding Loan Note, subject to compliance with the transfer restrictions set forth in Section 4.3 of the Funding Loan Agreement, including in certain circumstances the requirement for the delivery to the Governmental Lender of a letter in the same form as this letter, including this paragraph. Failure to comply with the provisions of Section 4.3 of the Funding Loan Agreement shall cause the purported transfer to be null and void. The Holder agrees to indemnify and hold harmless the Governmental Lender with respect to any claim asserted against the Governmental Lender that arises with respect to any sale, transfer or other disposition of the Funding Loan Note by the Holder or any transferee thereof in violation of the provisions of the Funding Loan Agreement.

(l) None of the Governmental Lender, its City Council, or any of its employees or agents will have any responsibility to the Holder for the accuracy or completeness of information obtained by the Holder from any source regarding the Borrower or its financial condition or regarding the Funding Loan Note, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the Governmental Lender to the Holder with respect to the Funding Loan Note. The Holder acknowledges that, as between the Holder and all of such parties, the Holder has assumed responsibility for obtaining such information and making such review as the Holder deemed necessary or desirable in connection with its decision to purchase the Funding Loan Note.

(m) The Holder acknowledges that the Funding Loan Note is exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Governmental Lender has not undertaken to provide any continuing disclosure with respect to the Funding Loan Note.

(n) The Holder acknowledges that interest on the Funding Loan Note is not excludable from gross income of the owner thereof for federal income tax purposes for any period during which either of the Funding Loan Note is owned by a person who is a substantial user of the facilities financed by the Funding Loan Note or any person

considered to be related to such substantial user (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended).

The Holder acknowledges that the ownership of the Funding Loan Note by the Holder is subject to the certifications, representations and warranties herein to the addressees hereto.

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

[HOLDER]

By: _____

Name: _____

Title: _____

EXHIBIT C

FORM OF WRITTEN REQUISITION OF THE BORROWER

To: Wilmington Trust, National Association, as fiscal agent (the "Fiscal Agent") under that certain Funding Loan Agreement, dated as of January 1, 2022, among MUFG Union Bank, N.A., in its capacity as the funding lender, the City of San José, California, as Governmental Lender, and the Fiscal Agent (the "Funding Loan Agreement").

1. You are requested to disburse funds from the Project Fund pursuant to Section 9.6 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto.

2. The undersigned certifies that:

(i) there has been received no notice (A) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, and (B) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of the requisition;

(ii) such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(iii) the obligation stated on the requisition has been incurred in or about the construction or equipping of the Project, each item is a proper charge against the Project Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(iv) such requisition contains no items representing any Costs of Issuance or any other amount constituting an issuance cost under Section 147(g) of the Code;

(v) not less than 97% of the sum of: (A) the amounts requisitioned by this Requisition to be funded with the proceeds of the Funding Loan Notes plus (B) all amounts allocated to the Funding Loan Notes previously disbursed from the Project Fund, have been or will be applied by the Borrower to pay Qualified Project Costs;

(vi) as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Funding Loan Agreement; and

(vii) attached as Schedule I to this Requisition is an exhibit that allocates the amount requested hereby among the sources for payment.

Dated: _____

BORROWER:

BASCOM AFFORDABLE HOUSING, L.P.,
a California limited partnership

By: AHG Bascom, LLC,
a California limited liability company,
its Administrative General Partner

By: Affirmed Housing Group, Inc.,
a Delaware corporation,
its Manager

By: _____
James Silverwood,
President

By: CFAH Housing, LLC,
a California limited liability company,
its Managing General Partner

By: Compass For Affordable Housing,
a California nonprofit public benefit corporation,
its Manager

By: _____
Katelyn Silverwood,
Executive Director

APPROVED:

MUFG UNION BANK, N.A.,
in its capacity as Funding Lender

By: _____
Authorized Officer